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Sanctions imposed to back Kuwait

## World anger stirred by Iraqi invasion

By MICHAEL THEODOLOU IN NICOSIA AND ANDREW MC EWEN IN LONDON

WORLD leaders moved swiftly yesterday to impose sanctions against Iraq after its pre-dawn invasion of Kuwait and to protect the tiny Gulf state's assets from the puppet regime installed by Baghdad.

The United States, Britain and France froze both Iraqi and Kuwaiti assets and Nato nations were urged to ban all trade with Iraq. The Soviet Union, Iraq's biggest arms supplier, halted weapons sales to Baghdad.

President Bush condemned the Iraqi action as "naked aggression" and sent seven more warships into the Gulf region, including the carrier Independence. But he played down the prospect of military intervention, in spite of Kuwait's appeals for military help from the United States and fellow Arab nations.

Mr Bush signed an executive order at 6 am freezing Iraqi assets. He later curtailed his meeting with Margaret Thatcher at Aspen, Colorado, returning to Washington yesterday evening to concentrate on events in the Gulf. James Baker, the Secretary of State, was summoned back from Mongolia, and will today fly to Moscow to issue a joint statement with the Soviet Union calling for an Iraqi withdrawal.

The 2 am invasion, which prompted a flurry of emergency meetings around the globe, was condemned by East and West alike but was greeted

with a determined silence by the Arab world with only Iran, Iraq's enemy in the eight-year Gulf war, calling for an immediate withdrawal.

Oil prices surged and London crude peaked at \$24 a barrel before settling at \$22.70. Fears of a new oil price

shock to world economies that could lead to higher interest rates sent share prices falling in the main financial centres.

Iraq remained defiant in the face of the world's opposition. Thousands of elite troops had swept over the border in a lightning attack and quickly gained control of the neighbouring state. The emir, Sheikh Jaber al-Ahmed al-Sabah, fled to Saudi Arabia before the invading force captured his seaside Desman Palace, but his younger brother, Fahd, was reported to have been killed trying to defend the palace. Between 100 and 200 people were reported to have been killed or injured in the battles across the country.

Iraq claimed it had responded to an appeal from "young revolutionaries who wanted its support in a coup to install a new free government" and, by mid-afternoon the "Provisional Free Government of Kuwait" was broadcasting on state radio that it had deposed the emir and was imposing an indefinite curfew.

Nine hours after brushing aside Kuwait's limited border defences, ecstatic flag-waving Iraqi troops occupied most key buildings in Kuwait City, and Baghdad announced it had toppled the Kuwaiti government.

Iraq later said that it hoped to withdraw its forces within a few days or weeks, "as soon as the situation is settled down and as soon as the free government of Kuwait has so wished". A statement threatened that Baghdad would turn Kuwait into a graveyard if any outside power intervened.

A Kuwaiti radio station managed to broadcast urgent appeals for help from the Arab world, which became more desperate through the morning. "How could Arab blood be shed by Arab hands?" the radio asked. "How could an Arab occupy the land of his Arab brother?"

The Arab League's council held an emergency meeting in Cairo, but officials emerged tight-lipped after a two-hour session. Few Arab states were willing to become embroiled in a conflict with their most powerful and unpredictable member. However, Syria called for an Arab summit.

Iraq's minister of state for foreign affairs, Saddam Hamadi, attacked the decision to hold the emergency Arab League meeting, which he said was hammed and against pan-Arab interests. Asked about Kuwait's request to Arab ministers to send a joint force to drive the invaders from its territory, he replied: "There is no government in Kuwait. The regime in Kuwait is gone and has been replaced by a revolutionary government."

The suggestion that Iraq had responded to a genuine coup was rejected by an pre-dawn meeting of the UN Security Council in New York. The US ambassador, Thomas Pickering said that although the invasion had been carefully planned and professionally executed, Iraq had made a serious mistake.

Instead of staging their coup

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## IRAQ'S INVASION OF KUWAIT

## Capture of disputed islands takes pressure off Tehran

By ROGER OWEN

IRAQ'S invasion of Kuwait has its roots in the recent Iraq-Iran war. A main reason why President Saddam Hussein began hostilities against Tehran was to regain control of the Shatt al-Arab waterway, which Iraq had been forced to surrender to the Shah of Iran at the Algiers Conference of 1975. He was unable to achieve his aim, despite gaining the upper hand militarily and forcing Iran to declare a ceasefire. He also incurred huge wartime debts of perhaps \$30-50 billion (£16 billion-£21 billion) to the rich Arab Gulf states, notably Saudi Arabia and Kuwait.

In the past few months, however, President Saddam has been presented with opportunities to make up for what he lost in the war. President Rafsanjani of Iran responded favourably to his new peace initiative as well as to Iraqi efforts to ensure sufficient Opec discipline to force up the oil price. He may also have

agreed, at least tacitly, to an Iraqi move against Kuwait knowing that if President Saddam gained another means of access to Gulf waters by seizing Kuwait's northern islands of Warbah and Bubiyan, he might be willing to share, rather than to dominate, the Shatt al-Arab.

The stage was set for President Saddam's July 17 speech in which he accused the rulers of Kuwait of conspiring to bring down the price of oil, stealing Iraqi oil from the shared Rumaila field and other border violations. All this was couched in terms designed to present Iraq as the champion of Arab rights and Kuwait as the tool of imperialist forces led by the United States. Two weeks of hectic diplomacy followed, marked by a sharp rise in the virulence of Iraqi attacks against members of the Kuwaiti ruling family, the al-Sabahs. Direct talks between the two sides finally broke down on Tuesday when Kuwait refused a package of Iraqi

demands including a willingness to write off \$1.2 billion in wartime loans.

President Saddam reacted by sending more than 100,000 Iraqi troops and tanks in support of an alleged anti-Sabah coup. A new Kuwaiti government under Iraqi control was immediately established. Doubtless, President Saddam's preferred option is to negotiate a favourable treaty with the new government and withdraw. Such a move would give him access to Kuwaiti territory and money without the complications of a prolonged and probably contested invasion. President Saddam would be gambling that the international community would accept the overthrow of the autocratic al-Sabah family without resorting to sanctions.

Whether he succeeds will depend on the strength of super-power opposition. Given that American military intervention is extremely unlikely, and sanctions against a rich, well-organised, oil-producing country would be difficult to

arrange, he may pull off the move in the short term. Other question marks concern the effect this will have on the management of the Kuwaiti economy after the inevitable huge exodus of Kuwaitis and foreign experts and technicians and the response of the anti-Sabah forces in the Iranian government once they realise that a deal has been made with their former arch-enemy. The reaction of Kuwait's large Shia population, many of recent Persian origin, will certainly be a factor.

The fall-out of Iraq's move against Kuwait is enormous. Other ruling families in the Gulf will now become even more fearful of Iraqi demands and of the possibility of an externally inspired coup. The Saudis will worry that they will be squeezed between an aggressive Iraq and an Iranian leadership which is openly contemptuous of their right to rule. They will want to shore up their defences, either by placating the Iraqis, with whom they signed a treaty of

non-aggression in 1988, or by obtaining cast-iron American guarantees of support — or both. In the past the large Saudi ruling family has usually found it difficult to agree to take a strong stand against Arab rivals. But in this case the fall of the al-Sabahs should concentrate their minds. A test of resolve would be their willingness to join collective sanctions, perhaps by denying Iraq the use of the pipelines which presently carry some of its exports across Saudi territory.

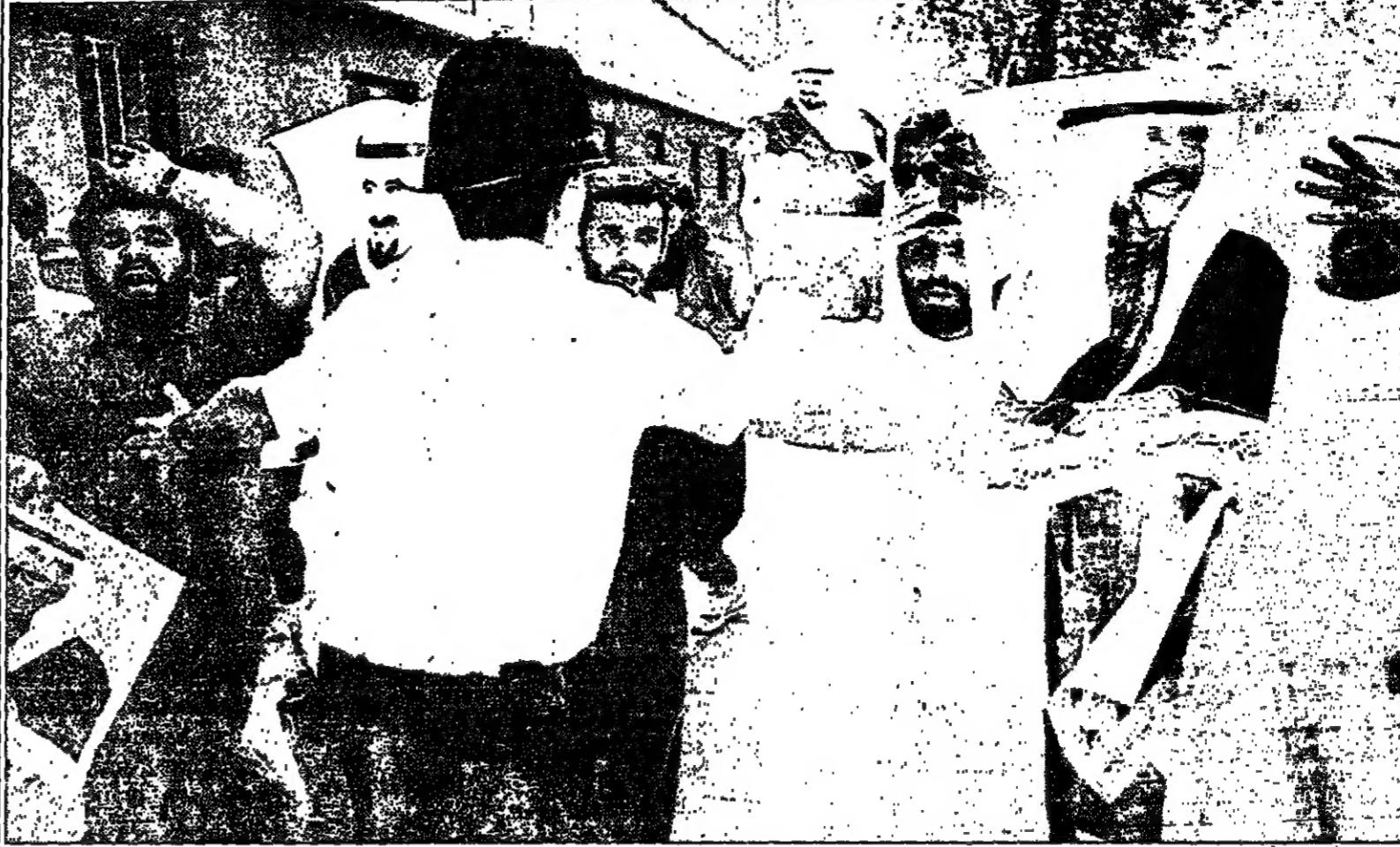
Other Arab heads of state are likely to mediate to secure the reinstatement of Kuwait in return for accepting Iraqi demands. But their attempt will be half-hearted given the Arab states' lack of political and military leverage over Baghdad. In these circumstances they are likely to resort to a secondary strategy of first trying to protect Saudi Arabia and then finding ways of restraining the Iraqis from further expansionism by means of a tacit Syrian, Egyptian and Jordanian alliance. They will also fear

that Israel may take advantage and launch an attack on Iraqi military facilities, increasing tension.

One thing is certain: the eastern part of the Arab world will never be the same again. President Saddam's move will do much to ensure that the Gulf will cease to exist as a separate economic and political entity co-ordinated by the Gulf Co-operation Council and slide more and more under Iraqi influence. Other neighbouring regimes, such as those of Jordan and Syria, will remain uneasy spectators, unable either to influence or to protect their western flanks by making peace with Israel or solving the conflicts in Lebanon or the West Bank. Only the man in the Arab street will rejoice. Impressed by President Saddam's power and determination and unwilling to shed a tear for the al-Sabahs.

The author is a member of the Middle East Centre, St Antony's College Oxford.

JOHN CHAPMAN



## Arab world keeps discreet distance in face of aggression

From A CORRESPONDENT IN DUBAI AND HAZHIR TEIMOURIAN

THE Arab world sat on its hands and did virtually nothing in the wake of the Iraqi invasion of Kuwait. No Arab government issued even a formal condemnation of the action by Baghdad.

Egypt's presidential spokesman referred to it as "the outbreak of military operations in Kuwait at dawn today". Official sources said President Mubarak of Egypt discussed hosting an emergency summit over the Iraqi invasion in telephone conversations with Arab heads of state.

They said the initial proposal came from President Assad of Syria, the traditional Arab foe of President Saddam Hussein of Iraq. It was followed by calls from the emir of Kuwait, King Fahd of Saudi Arabia, and Ali Abdullah Saleh, the Yemeni leader, sources added. Throughout the Gulf, all eyes were on Saudi Arabia as political leaders and diplomats tried to assess the Iraqis' next move. The Saudis gave refuge to the emir and his family but, despite their ambitions as regional peacekeepers, they have been able to do nothing to protect Kuwait.

The Gulf Co-operation Council, which comprises Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman, has a mutual defence agreement, but its component states are far outmanned and outgunned by the battle-hardened Iraqi forces. Most estimates are that the Iraqis, after their eight-year war with Iran, can put about six times as many soldiers into the field as the combined forces of the co-

operation council states. There is little likelihood of the Arab states acting alone in response to Kuwait's appeal yesterday. In the first hours of the invasion, Kuwait Radio said: "The people of Kuwait, their honour is being violated and their blood is being shed. Hurry to their aid, Arabs."

The invasion is the co-operation council's first big test. It was formed during the Iran-Iraq war as a means of preventing the spreading of conflict around the region, but in the face of overwhelming force it is militarily powerless.

Until the sudden collapse late on Wednesday of talks between the two sides in Jeddah, many diplomats and government figures in the region had believed that the tension was easing with the agreement on oil prices and production quotas in Geneva.

None of the states in the region gives any credence to Iraq's claims that its action was taken in response to appeals for help from a locally organised coup. There was unanimous agreement that Kuwait had been subjected to an attack of overwhelming force from a foreign power, but also an unwillingness to say anything that might worsen the situation or encourage further Iraqi action.

Most of the Gulf Arab states view President Saddam with a mixture of distaste and fear. They are privately horrified by his human rights abuses, but wary of his overwhelming military might and his willingness to use it.

Events were being watched particularly closely in the United Arab Emirates, which was coupled with Kuwait in

President Saddam's original complaints about over-production of oil. Any action against the emirates, however, would involve the Iraqis crossing about 500 miles of Saudi territory, and most diplomats in the region believe that respect for the American presence in the Gulf would prevent Iraq from taking such a dangerous step.

The six Gulf states are thought likely to try to use their influence through Arab diplomatic channels, such as the Arab League, Syrian calls for an emergency Arab summit were welcomed last night although, despite promises from Baghdad, few diplomats are optimistic about the possibility of persuading President Saddam to withdraw without leaving behind a puppet regime.

While Kuwaiti tourists in Cairo wept openly and tried unsuccessfully to contact their foreign minister arriving for an emergency conference of the Arab League, the ministers held two sessions of talks behind closed doors, but were last night still unable to reach a common stand.

King Husain of Jordan was in Cairo last night to try to persuade the Egyptians to refrain from a harsh condemnation of Iraq, but President Mubarak was said by officials to be "personally upset" by the invasion. Equally disheartening for Kuwait was the silence of Saudi Arabia, to which it was treaty-bound in the Gulf Cooperation Council, and to which it had looked for protection against foreign threats. Diplomatic silence was also the preferred response of Iran yesterday.

Kingdom lost: police stopping outraged Kuwaiti demonstrators from approaching the Iraqi embassy in London yesterday. Men, women and children, many of them weeping, tried to protest against the invasion of their country outside the Iraqi embassy (Ray Clancy writes).

crowd of about 200 carrying flags, banners and pictures of the emir marched out of the Kuwaiti embassy in Kensington chanting "Iraqis out, give us back our country, give us back our kingdom", as they walked the 500 yards to the Iraqi embassy in Queen's Gate. A handful of police officers sealed off the road and the demonstrators were only allowed to gather on the opposite side of the street. Wearing traditional Arab dress, the men in white robes and the women in black, the demonstrators flowed along the tree-lined street. They punched the air with their fists

as they shouted: "Kuwait for the Kuwaitis, long live the emir". Some worked themselves into a frenzy. Many women wailed and had to be helped into the shade to calm down. After about an hour the crowd moved back to the Kuwaiti embassy where they continued their demonstration.

## US 'failed to take Saddam seriously'

From MARTIN FLETCHER IN WASHINGTON

INDEPENDENT Middle East experts said yesterday that the Bush administration could and should have done more to deter the Iraqi invasion of Kuwait and was guilty of interpreting President Saddam Hussein's military buildup on the Kuwaiti border as a "sabre-rattling".

"I think we have enough experience of the Iraqi approach to protecting what it says are its interests to know that if Hussein puts troops on the border he is not bluffing," said Judith Kipper, Middle East specialist at the Centre for Strategic and International Studies.

Washington should at the very least have convened a meeting of the United Nations Security Council at the first signs of Iraqi aggression last week, issued a joint warning with the Soviet Union to Baghdad, and moved a far

more significant military force into the area, said the experts.

President Saddam needed no pretext to invade Kuwait. Iraq is the regional superpower, but is heavily in debt after its war with Iran. Baghdad eyed Kuwait's oilfields and saw an opportunity to enrich itself and invaded "for classic imperialist reasons — it's no more complex than that", said Dr Kosminsky.

President Bush denied yesterday that the invasion had taken him totally by surprise and insisted that his intelligence had been good, but the administration appeared to have realised very late in the day that President Saddam really intended to use his troops. Only on Wednesday afternoon, after the talks be-

tween Iraq and Kuwait had broken down, did John Kelly, the assistant secretary for Near Eastern affairs, summon the Iraqi ambassador to the State Department and warn him that the US would not tolerate military action. The warning was ignored by President Saddam just hours later.

Washington did take action to deter possible Iraqi aggression early last week, when Iraqi troops were first sent to the Kuwaiti border, but it proved inadequate for the purpose. Reaching to please from the United Arab Emirates, the Bush administration swiftly commenced limited military exercises in a deliberate show of force. Two destroyers were recalled from port leave in Bahrain and

ordered to join the other four warships in the US Middle Eastern force in the Gulf. Two KC135 refuelling tankers and a C141 cargo plane flew out from West Germany for joint exercises with the emirates' air force.

US ambassadors began what the administration called "active" consultations with their Middle East counterparts, while official spokesmen in Washington broadcast America's determination to maintain order in the Gulf. The US would take very seriously any threats to its interests in the region, said Pete Williams, the Pentagon spokesman, last Tuesday.

"We remain strongly committed to supporting the individual and collective self-defence of our friends in the Gulf. We also remain determined to ensure the free flow of oil through the Strait of Hormuz and to defend the principles of freedom of navigation and commerce."

A wider charge against the administration by both the independent experts and congressmen is that Washington has been too soft with President Saddam over the past few years despite his blatant drive to develop chemical and nuclear weapons and long-range missiles, his persistent abuse of human rights and his threats against Israel. "Democracies tend not to react until a crisis happens and now we have a crisis," said Ms Kipper.

Alfonso D'Amato, a Republican senator, in a challenge to the administration last week, said President Saddam was "a butcher, a killer, a bully — some day we are going to have to stand up to him".

## Moscow demands swift withdrawal

From NICK WORRALL IN MOSCOW

MOSCOW'S official reaction to the Iraqi invasion was late coming yesterday because President Gorbachev is on holiday in the Crimea and Eduard Shevardnadze, the foreign minister, spent much of the day in a plane returning from his Siberian meeting with James Baker, the US Secretary of State.

It was mid-afternoon when a foreign ministry official, Yuri Gremitskikh, read out a statement calling for "a swift and unconditional withdrawal of Iraqi forces" to relieve the "dangerous tension" in the Gulf. "This development of events radically contradicts the interests of the Arab states and creates additional obstacles on the road to a

solution of the conflict in the Middle East."

Mr Gremitskikh said nothing else, nor would he comment at the time of the reported request by Mr Baker to Mr Shevardnadze yesterday for the Soviet Union to halt arms supplies already agreed for Iraq. Since the mid-1970s Moscow and Baghdad have been bound by a treaty of friendship and co-operation.

The Soviet Union was a main arms supplier for Iraq during the 1980-82 Gulf war with Iran. But there have been recent indications that Moscow, which is actively campaigning for a Middle East peace settlement, is now anxious to reduce the flow of weapons.

Mr Baker said yesterday

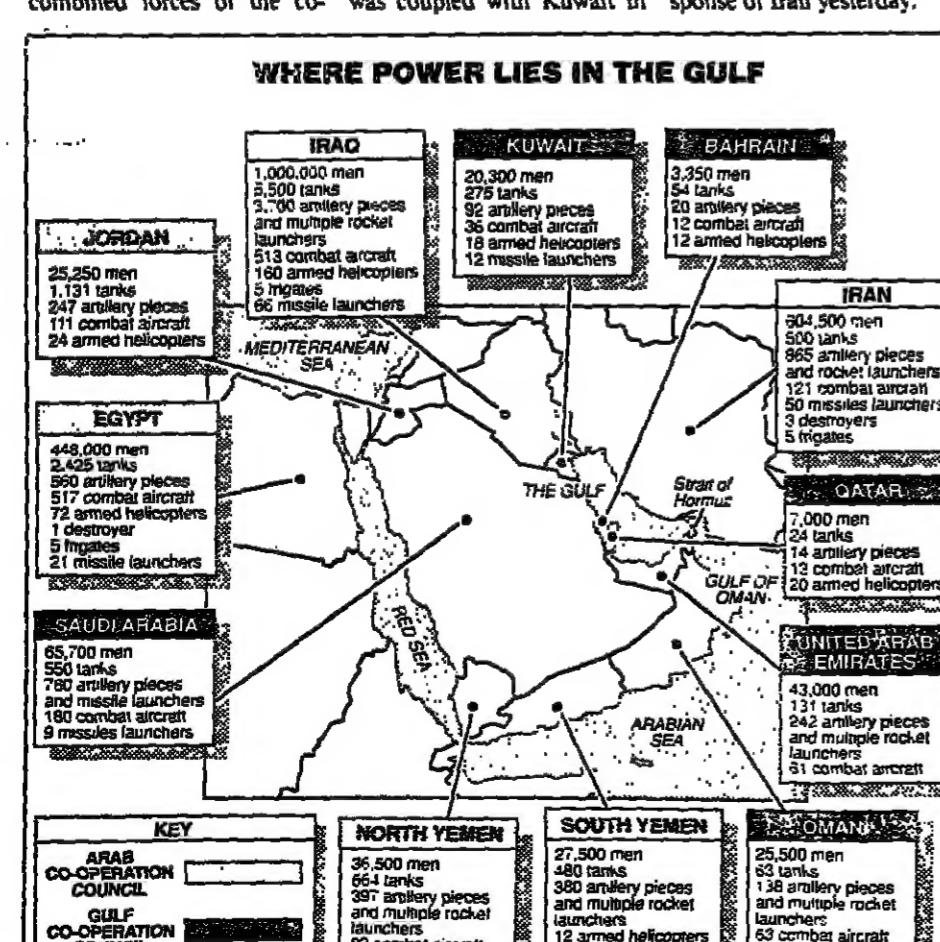
that the Soviet foreign minister was "not pleased to hear that Iraqi forces had moved into Kuwait". On his arrival in Moscow, Mr Shevardnadze went into immediate session with his Middle East advisers.

Speaking to the news agency Tass on his arrival at a Moscow airport, Mr Shevardnadze said every measure should be taken to end the conflict between Iraq and Kuwait. He said the Soviet Union would take all steps possible, adding: "There's no denying we are very much concerned about the conflict. I see no reason that would make it impossible to end this conflict and I hope that common sense will prevail."

According to Mr Gremitskikh

there have been "many contacts" between the Soviet Union and Iraq but he could not say if Iraq's ambassador to Moscow had been called in for consultations over President Saddam's move against his neighbour.

Radio Moscow described the events as "an invasion", another indication of the growing freedom by the official Soviet media to speak out before receiving the line from the Kremlin. Boris Belitsky, the veteran commentator, described the Iraqi invasion as "entirely unacceptable" to the Soviet Union. "The latest developments in the Persian Gulf are strongly deplored by people here in Moscow," he said.



## How Middle East watchers were bemused by frontier manoeuvres

By ANDREW MC EWEN

DIPLOMATIC EDITOR

THE experts said this was the invasion that would not happen. Middle East watchers wrongly thought that the troops that Iraq had moved to its borders with Kuwait were there to intimidate, not to invade.

That view was held at the highest levels, according to Ghazi al-Rayes, Kuwait's ambassador to Britain. He said he thought that President Bush and Mrs Thatcher must be angry because they had been assured that Iraq would not use force. That information was passed back to Kuwait by several sources, including Britain. The ambassador's claim, however, puzzled a Whitehall source who said he was unaware of such assurances passing to Kuwait via Britain. Egypt is

known to have contacted a number of countries after being assured by Baghdad that there would be no invasion.

The Foreign Office reasoned that the popular logic did not support the invasion theory, but then President Saddam Hussein cannot be expected to behave in a logical manner.

Had the invasion been expected, Kuwait would have taken greater precautions. The ambassador denied reports that most of Kuwait's financial assets were moved abroad before the attack. "It's not true, because we did not expect an invasion of this sort," he said.

Most of the government ministers were in the country at the time, he added.

When *The Times* contacted Middle East experts last week, most linked the troop movements to the Opec meeting in Geneva. They believed that Baghdad's

objective was to force Kuwait to cut its oil production levels and agree to a higher oil price, as well as to force compensation for oil allegedly stolen from oil fields in disputed border areas.

However, not everyone was taken in by President Saddam. Sir Anthony Parsons, a former British ambassador to Iran, cautioned that the experts were wrong in 1980 when Baghdad began to threaten Tehran. What then seemed like sabre-rattling led to an invasion. He had felt that the other experts were paying too much attention to last week's Opec meeting and not enough to Iraq's long-standing ambitions to seize Kuwait.

Valerie Yorke, an author of books on the Middle East, said that the more the Western press speculated that an invasion was unlikely, the greater the risk of President Saddam that he would try to

catch everyone by surprise. Meanwhile, the Japanese prime minister, Toshiki Kaifu, still intends to proceed with an extensive state visit through the Middle East from the middle of this month, raising the prospect that he may be able to play a mediating role in the wake of the invasion. While criticising the Iraqis, Japanese government officials moved quickly to calm any domestic over-reaction to the prospect of another round of upheaval in the Middle East.

Japan, which imports all of its energy needs, with more than 70 per cent of its oil imported from the Middle East alone, is among the most exposed of any leading economic power to supply disruptions in world energy markets.

In a formal statement, the acting foreign minister, Misao Sakamoto, termed the invasion "extremely regret-

## IRAQ'S INVASION OF KUWAIT

# Kuwait shifts assets to Bahrain as troops strike

By DAVID WATTS

WHEN Iraqi forces raided the Central Bank of Kuwait in the early hours of yesterday they found the cupboard bare.

Killing at least two guards on the way in, President Saddam Hussein's special forces took over the nerve centre of one of the world's wealthiest economies only to find that those assets held in Kuwait City had been transferred to Bahrain as the raiding Iraqis came across the border.

So nervous was the official responsible for the movement of wealth that the transfer went through not only by tele, but also by fax and telephone. Last night, the whereabouts of the man who frustrated what was most probably one of Iraq's key objectives — relieving Baghdad's ballooning foreign debt of about \$70 billion (£38 billion) — was unknown. "Obviously his life is in danger", one source said.

Iraq owes about \$45 billion to Kuwait and Saudi Arabia and a further \$15 billion to \$25 billion to the Soviet Union, France and a variety of banks in Britain and America.

Indeed, it is hard to see what President Saddam hopes to gain from the invasion in the way of fiscal relief beyond the physical occupation of the disputed Kuwaiti oil fields in the islands of Warbah and Bubiyan at the head of the Gulf.

Last night, as foreign coun-

## Security Council condemns Baghdad

From CHARLES BREWER  
IN NEW YORK

THE United Nations moved with unaccustomed speed yesterday to condemn Iraq's invasion of Kuwait and called for immediate peace talks between the two countries.

The Soviet Union, China, the Western allies, Cuba and non-aligned states joined in denouncing Baghdad. However, the Security Council was expected to await the outcome of Arab League meetings in Cairo before drafting sanctions or taking other steps to put pressure on Baghdad. Yemen declined to participate in the voting, saying it had not received instructions from its government.

The resolution, was modelled on the council's text denouncing Argentina for invading the Falklands in 1982. It condemned that "Iraq withdraw immediately and unconditionally all its forces" to their positions of August 1. The Security Council also called on Iraq and Kuwait to begin negotiations to resolve their differences.

Under the UN charter, the world body could use force, impose sanctions or adopt other methods including an air and sea blockade to enforce compliance by a country flouting its resolutions.

The UN has adopted sanctions several times, but it has not engaged in a hostile action in the four decades since troops were sent to assist South Korea. Javier Pérez de Cuellar, the UN secretary-general, spent the day sounding out Arab ambassadors and ambassadors of the big powers on measures to defuse the crisis.

In the council chamber, Sabah Kadri, Iraq's deputy ambassador, faced scathing language from Thomas Pickering of America, and Crispin Tickell, the British representative, after he said his country had been asked to establish order by the "free provisional government of Kuwait". Iraq, he said, would withdraw when the "free government" asked it to. That could come in days or weeks.

Mr Pickering said Iraq had bungled. "Instead of staging their coup d'état and installing this so-called provisional government before the invasion, they got it the wrong way around. They invaded Kuwait and then staged the coup d'état in a blatant and decent effort to try to justify their action."

Mr Pickering called the invasion an ugly moment in world affairs. He said he wanted to express not just a sense of dismay but also a sense of disgust that this kind of thing can still happen in 1990 in the world community in which we all live and breathe.

tries froze. Kuwaiti assets abroad, it became increasingly unlikely that Baghdad would be able to gain control of significant amounts of funds or resources beyond what their troops are now guarding in the dusty wastes on the edge of the Gulf.

In a real sense, Kuwait and its economy are shells: the great majority of the population is non-Kuwaiti and the country's astonishing wealth is held mainly abroad.

Kuwait's solution to the problems of a tiny, arid Middle Eastern country unable to feed even a fraction of its disparate, largely Palestinian population, but with enormous sums in oil revenues to invest, was to establish the Kuwait Investment Office (KIO).

From London, the secretive KIO has helped to channel some of the \$100 billion-plus in global assets that Kuwait has in countries and companies abroad. As much as 90-95 per cent of Kuwait's assets are held outside the country, although President Saddam's intelligence service was probably aware that control of more and more assets has moved back to Kuwait City in recent months under a rethinking of investment policy.

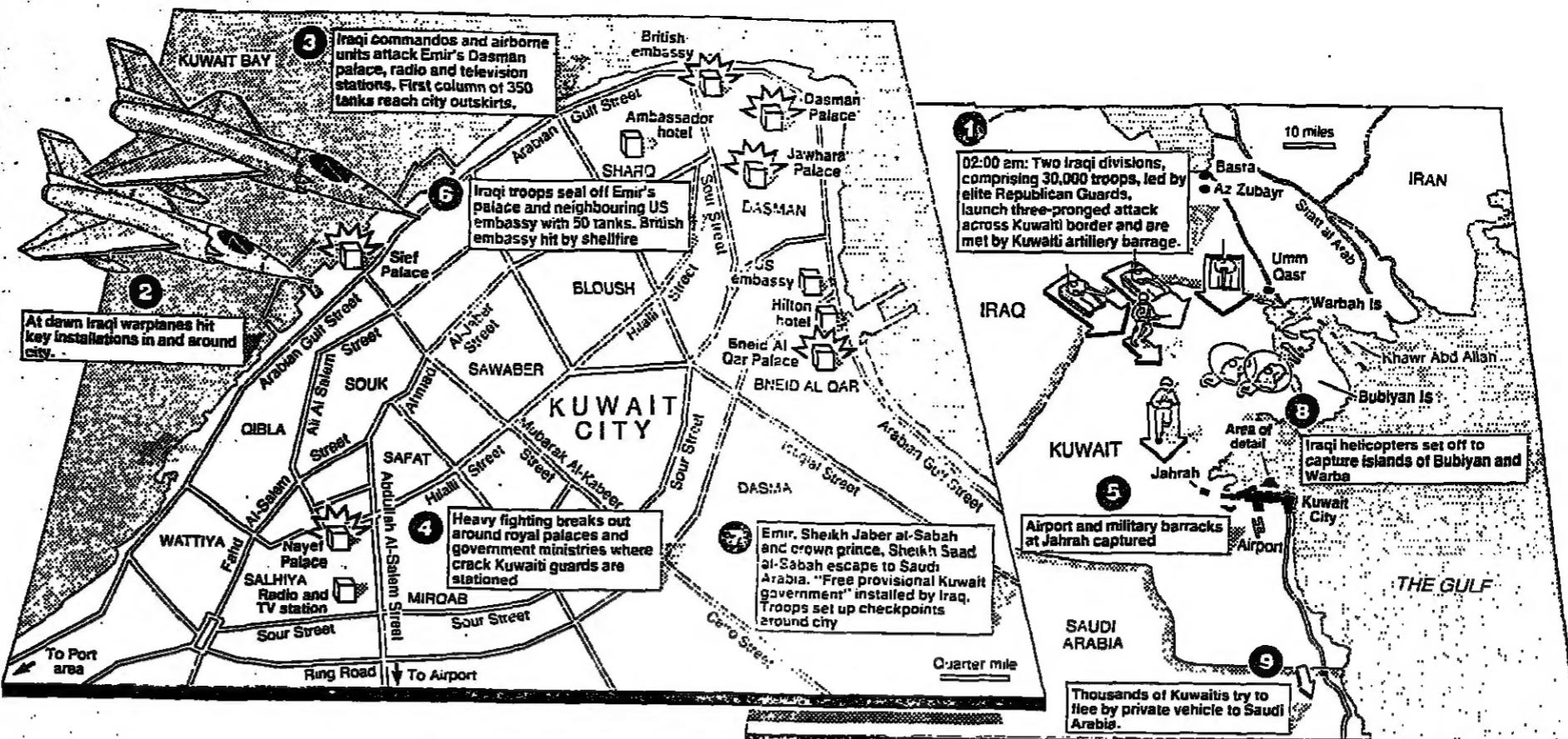
The Kuwaitis are per capita unusually among the wealthiest nations in the world; in theory, each person is worth \$2.5 million if oil is sold at \$20 a barrel. That is misleading, however. If the wealth calculated against the mere 27 per cent of the population who are native-born Kuwaiti, the figure is even higher, but in reality the al-Sabah family which has run the country since 1759 keeps tight control of Kuwaiti assets.

Nominally, there is provision for legal separation of royal family and state wealth, but in reality the signatories controlling dispersal of funds are all members of the royal family or their associates.

The control of the royal family over the country's assets is "virtually total", a banking expert on the Kuwait economy said. And the recent signs are that that control is being even more closely held by the al-Sabahs and their associates. That is partly for reasons of centralization of policy with the parent Kuwait Investment Authority trying to curb the independence of the KIO after the dispute with Britain over the Kuwaiti holding of a 21.6 per cent stake in British Petroleum, but also probably because of a need to protect Kuwait against what has now happened.

Iraq has complaints against Kuwait, ranging from an old border dispute to more recent arguments over oil exports and the repayments of credits given to Iraq during its war with Iran. Yet, even if Baghdad has a plausible case in any of these disputes, which is doubtful, that would not provide a pretext for yesterday's invasion. However important these matters may have been in supplying Iraq's motives, they have not been advanced as a legal justification.

Instead, Iraq has said it intervened at the request of Kuwaitis hostile to the emir who have now formed the



## Well planned and ruthlessly executed attack

By MICHAEL EVANS  
DEFENCE CORRESPONDENT

THE Iraqi invasion of Kuwait, which began at 2am local time yesterday, was well planned and ruthlessly executed. Within 12 hours of crossing the northern border, the Iraqis, led by the elite Republican Guards Corps, fiercely loyal to President Saddam Hussein, had taken control of most of the capital.

About 30,000 troops, the equivalent of two divisions, including armoured brigades equipped with Soviet-made tanks, were used in the main attack across the desert towards Kuwait City, a distance of about 70 and 80 miles.

Some of the groundwork for the capture of the city was thought to have been carried out by Iraqi special forces brought in by ship and helicopter several hours after the main invasion units had crossed the border.

American military sources confirmed that several ships had been sent off the Kuwaiti coast. Some were used to mount a naval barrage on the city. There had been reports earlier in the week that as many as

100,000 Iraqi troops had assembled on the border, equipped with 500 tanks and 700 artillery pieces.

Before the invasion, which was the first time in modern history that an Arab nation had invaded another to take total control, President Saddam had ordered a military mobilisation. He recalled the Popular Army, a militia of several hundred thousand men who supported Iraqi troops at the front during the 1980-8 Gulf war with Iran. Orders were also issued to reinforce 15 infantry divisions and one armoured division that were disbanded after the ceasefire in 1988.

But only two divisions were deployed in the invasion. The Republican or Presidential Guards corps, whose total force consists of six divisions, including three armoured and one commando brigade, was chosen to lead the invasion because of its combat experience in the eight-year war with Iran and its commitment to the President.

It is believed that the 30,000 troops attacked at three separate border points and were met by Kuwaiti artillery fire as they advanced rapidly down the main road towards the capital. The Iraqi armoured units had about 300 tanks, probably a mixture of Soviet T72s, T55s and T55s.

While the main force advanced towards the capital, some Iraqi units were reported to have broken away and occupied a strip of Kuwaiti territory at Abdaly, 80 miles north of Kuwait City.

Troop-carrying helicopters also headed for the two uninhabited Kuwaiti islands of Warbah and Bubiyan, strategically located at the head of the Gulf. They dominate the approaches to the Khor Abdaly channel, where Iraq's newly refurbished naval base of Umm Qasr, and the port of Zubayr, are situated.

President Saddam has always wanted to secure the approaches to the Iraqi ports because that would reduce the pressure for an agreement with Iran on reopening the Shatt al-Arab waterway, the source of the Gulf war.

The Iraqi forces, supported by Mirage jets that bombed the city, faced the fiercest resistance when

they began the assault on the Dasman Palace, the emir's residence, and other key buildings in the city. Special Kuwaiti battalions, trained by Britain's SAS to protect the emir and his ruling family, were involved in the fighting. Smoke billowed from the area and witnesses reported explosions and heavy machinegun fire.

Kuwaiti troops also put up stiff resistance at some of the country's ministries. There were heavy machinegun fire.

However, the main palace and another belonging to the ruling family, the international airport, the central bank and the information ministry that houses the state-run radio and television stations, all fell to the Iraqis. The Kuwait National Guard continued to resist hours after the invasion, and both of the royal palaces were badly damaged.

The emir's main residence was seized after two hours of heavy artillery barrages. It was surrounded by about 50 tanks, armoured personnel carriers and lorries loaded of troops.

Kuwaiti army bases in al-Jahrah, west of the capital, also came under Iraqi control. Ports and military airports were badly damaged after continuous artillery bombardment and air strikes. There were no reports of air combat, although Kuwaiti Mirages jets were seen flying towards the border.

On Kuwait's main road, Fahd Street, Iraqi troops were seen forcing drivers out of their cars and ripping telephones out of the vehicles.

The Kuwaiti cabinet was trapped at the headquarters of the supreme defence council with telephone and telex links cut. Iraqi troops blockaded the meeting but later allowed the ministers to go home.

Equipped for so many years with Soviet, French and Chinese weapons, the Iraqis soon overwhelmed the limited forces of Kuwait, whose main arms supplier has been Britain. The 71 British military personnel — 51 from the army and 20 from the RAF — in Kuwait to provide technical advice and support for the aircraft, tanks and other equipment supplied over the years took no part in the fighting.

## A break from the postwar rules that maintain peace and stability

By CHRISTOPHER GREENWOOD

ONLY the Iraqis could possibly believe that they had a pretext for yesterday's invasion, and it may be wondered whether even the Iraqi spokesmen believe the words they have to mouth.

Iraq has complaints against Kuwait, ranging from an old border dispute to more recent arguments over oil exports and the repayments of credits given to Iraq during its war with Iran. Yet, even if Baghdad has a plausible case in any of these disputes, which is doubtful, that would not provide a pretext for yesterday's invasion.

However important these matters may have been in supplying Iraq's motives, they have not been advanced as a legal justification.

Instead, Iraq has said it intervened at the request of Kuwaitis hostile to the emir

ment of free Kuwait" is an unknown group with no evident support in the country.

Nor could any comparison be made between the regime of General Noriega and the government of the emir, whose democratic credentials are far more impressive than those of Iraq.

It is not surprising, therefore, that the international community has been nearly unanimous in denouncing Iraq or that the UN Security Council moved with extraordinary speed to demand an immediate Iraqi withdrawal.

If Iraq's action is plainly illegal, though, what can be done about it?

A glance at international reaction to past violations by Iraq is scarcely encouraging. Iraq's invasion of Iran in 1980, its use of poison gas and the massacres of its own Kurdish population attracted condemnation but little else.

The use of poison gas is particularly revealing. Iraq repeatedly resorted to this weapon in breach of one of the few treaties on weaponry that seemed to have solid support among states. Yet, because of fears of an Iranian victory, virtually no steps were taken against Iraq.

After that war was over, almost every state subscribed to a declaration repeating support for the ban on chemical weapons.

The practical lesson, however, was clear: Iraq had gained considerable military advantages by using gas and had paid almost no price for doing so.

World reaction may not be so pusillanimous this time. Unlike the situation in the Gulf war, there is no hostage crisis to swing sentiment in Iraq's favour, nothing like the Afghanistan dispute to divide the Soviet Union from the West.

There are signs of a greater willingness by states this time to support international cooperation against aggression.

What form might such cooperation take? A military option seems unlikely. The UN has not taken such an action against an aggressor since Korea, and the necessary machinery for assembling a force at short notice does not exist.

America and perhaps the Gulf Co-operation Council, of which Kuwait is a member,

## Rapid descent into violence after talks broke down

How news of the Iraqi invasion and its buildup were flashed around the world by Reuter correspondents

Jedda Wednesday 2.34 pm GMT: Talks on defusing Gulf crisis collapsed, with Iraq reported to have 100,000 men on Kuwait border.

Baghdad 4.28: Iraq said talks failed because Kuwait had not been serious.

Kuwait 4.57: Crown Prince Sheikh Saad al-Sabah said he looked forward to "the resumption of direct meetings and negotiations".

Washington 5.47: State Department called in Iraq's ambassador.

Kuwait Thursday 3.10 am: Diplomats said Iraqi troops had crossed Kuwaiti border.

Kuwait 3.53: Western diplomats said Iraqi troops had crossed into Kuwait. Explosions heard in Kuwait.

Washington 3.57: Kuwaiti embassy official said Iraqi troops had begun major offensive across Kuwait border.

Tokyo 4.25: Spot crude oil prices rose sharply in Far East trading.

Kuwait 4.29: Kuwait said Iraqi troops had crossed into its territory and occupied several border posts.

Kuwait 4.36: Kuwait defence ministry said Iraq had infiltrated country at 2am.

Washington 4.44: America said Iraqi troops had crossed border and were fighting Kuwaiti forces.

Washington 4.58: The White House condemned invasion and called for immediate withdrawal.

London 5.19: British government said incursion was a grave threat to peace and stability in the Gulf.

Kuwait 5.35: Explosions rocked Kuwaiti capital. Kuwait government asked Iraq to "stop this irresponsible action and reserves the right to use all legitimate means".

Kuwait 5.45: Baghdad Radio said a group of Kuwaitis was trying to overthrow the government and quoted government statement warning against foreign intervention.

Amman 12.07: Jubilant mood on Amman streets as Jordan government says: "Our heart is with Iraq but we also have many interests in the Gulf".

Moscow 12.28: Soviet Union called for prompt and unconditional Iraqi withdrawal.

Kuwait 12.55: Kuwait's new Iraqi-backed rulers said they had dismissed emir and ordered indefinite curfew, according to statement read on Kuwait Radio.

Brussels 3.56: European Community condemned invasion and demanded immediate withdrawal.



High anxiety: Traders on the International Petroleum Exchange in London watching oil prices rocket by 15 per cent yesterday on the news of the invasion

Christopher Greenwood is a lecturer in international law and a fellow of Magdalene College, Cambridge.

# Survey of public satisfaction shows BR losing steam

By ROBIN YOUNG

BRITISH Rail has taken the booby prize in a survey of consumer satisfaction with public services. Lady Wilcox, chairman of the National Consumer Council, which commissioned the survey from MORI, says in the report published today: "British Rail comfortably take the wooden spoon. Nearly a third of its customers think that it is poor at listening to them and taking care of them."

The survey showed that British Rail compared badly in the public estimation with bus and coach services, electricity, water, gas, post office and telephone services, although there was what the NCC termed a worrying level of dissatisfaction with almost all of the services examined.

While about half of railway users expressed themselves very or fairly satisfied, more than a quarter were dissatisfied. The

proportion of discontent was markedly higher in the London area, and overall those most likely to be happy about the standard of British Rail services were pensioners, who enjoy cheap travel privileges.

The findings showed that approximately one passenger in seven feared that British Rail paid insufficient attention to safety. Nearly half thought fares were unreasonable, among those aged 15 to 24 who can get reductions.

The most popular public services were those provided by coach companies and local electricity and gas boards. Four-fifths of their customers expressed satisfaction.

Coach services were deemed the most reliable and considered safe by 86 per cent of those who used them. Only one in 17 thought them unsafe. The NCC notes that reports of rail accidents may have partly accounted for British Rail's low safety rating and remarks that the reports of coach

accidents this year may affect confidence in coach travel. Two-thirds of bus passengers were satisfied with the services' reliability and more than half rated them at least fairly good, although the proportion was again lower in the London area.

Television rated poorly in the survey. More than half the respondents were unhappy about the quality of programmes and, among the services in the survey, the price of a television licence was felt to be the most unreasonable charge. The report says customers obviously felt they were not getting value for money, with more than three-fifths rating the licence fee unreasonable and 39 per cent calling it very unreasonable.

Television companies were not seen as looking after customers well, although independent companies scored slightly better than the BBC. By contrast with 52 per cent dissatisfaction with television, only 6 per

cent complained about radio. The proportion satisfied with the quality of radio programmes was double that for television.

A quarter of respondents were dissatisfied with the quality of their water supplies although there were regional variations, with the best results in Scotland, Yorkshire and Humberside, and northeast England. Gas services received a high rating for safety but gas, electricity and water prices were considered less reasonable in 1990 than they had been in 1987.

Public opinion of telephone charges improved in the past three years but a larger proportion still consider telephone bills more unreasonable than those for water and fuel. The survey was conducted before the recent announcement of price increases for electricity and telephone services.

More than three-fifths thought postal charges at least fairly reasonable but a quarter thought prices unreasonable even

before the Post Office announced plans for price increases this autumn. More than two-thirds were pleased with the speed of postal deliveries but dissatisfaction was more marked in London.

More than a quarter of those questioned were not confident about the information they had when choosing a solicitor, a mortgage or the best way to borrow money. One in six was doubtful that they had sufficient information to make wise choices when buying food that would be safe. By contrast nearly half were very confident that they would know enough to make the right decision when buying a television or hi-fi set.

MORI interviewed a representative sample of 1,938 members of the public between March 15 and 20.

Consumer Concerns 1990 (NCC, 20 Grosvenor Gardens, London, SW1W 0DH; £5.50)

MICHAEL POWELL

The Guinness trial

## Parnes unaware share deal was illegal, QC says

THE Guinness trial was told yesterday that Anthony Parnes, a stockbroker, had no reason to suspect he was acting illegally when he became involved in an allegedly illegal share support scheme to help Guinness win a £2.7 billion bid for Distillers.

The secrecy surrounding takeover tactics and the way in which his fees were worked out were similar to those during a previous Guinness takeover with which Mr Parnes had helped. Southwark Crown Court in south London was told.

Trying to pin the "badge of fraud" on Mr Parnes would have been like "asking you to pin the tail on a donkey after blindfolding you, twisting you round a dozen times and

facing you in the wrong direction," Colin Nicholls, QC, for Mr Parnes, said.

Mr Parnes, aged 45, Ernest Saunders, aged 55, former chairman of Guinness, Gerald Ronson, aged 50, head of Heron International, and Sir Jack Lyons, aged 74, a financier, deny 22 counts, including theft, false accounting and breaches of the Companies Act. It is alleged they took part in the illegal support operation during the takeover of the Scottish drinks group in 1986.

At the start of his final speech to the jury on the 99th day of the trial, Mr Nicholls said confidentiality was part of the modern world and not the "badge of fraud" as the prosecution described it. Evidence was heard that busi-

ness within Guinness during the bid was conducted on a need to know basis. Mr Parnes, for example, was even known as "the Pram". Distillers was called "the Trojan horse" and Guinness "Orion".

Mr Nicholls said the £3.35 million fee Mr Parnes received for the advice and market intelligence he provided Guinness during the bid was proportionately similar to what he was paid for his work during Guinness's takeover of Bells in 1985.

There was a close relation in both cases between the fees and the money paid for the companies and bid costs. Another common feature was that both fees were paid against invoices from overseas companies direct into a Swiss bank. There was nothing sinister about that. He said the prosecution was wrong to ignore the similarities as far as Mr Parnes was concerned between the two bids, particularly as the Bells takeover was never part of any criminal proceedings.

Mr Nicholls said the prosecution had never accused Mr Parnes, unlike the other three defendants, of telling lies. Mr Parnes had never denied his involvement in the share support operation, nor sought to minimise his role and blame others. "He did not know and did not believe he was doing anything wrong," Mr Nicholls said.

Mr Nicholls said the prosecution was wrong to say that just because Mr Parnes was a stockbroker he must have been familiar with the Companies Act and the takeover code. Mr Parnes, who did not go to university, began his stock market career at the bottom of the ladder as a "red button" or messenger, finally getting his licence to deal in 1968.

Basically an independent broker, lucky enough to have some rich and powerful clients, Mr Parnes was a tactical adviser, not a technical one. Mr Nicholls said Olivier Roux, a former Guinness director and the chief prosecution witness, had said Mr Parnes did not have any direct knowledge of the code and was not used to dealing with it. "So there, from the Crown's own witness, is direct evidence which would suggest to you that Anthony Parnes did not know what was going on," he said.

The trial continues today.

**11 British soldiers caught in republic**

By BOB RODWELL  
IN BELFAST

ELEVEN British soldiers were found by Irish police in a field near Castleblayney, Co Monaghan, at about 9.30am yesterday after an army Lynx and an RAF Wessex helicopter made an incursion of Irish airspace and crossed into the republic from South Armagh.

The helicopters had returned to the north by the time the Garda, alerted by calls from the public, reached the scene. Finding the 11 soldiers in hedgerows around the field, the police took names and units before escorting the soldiers to the border near by, which they crossed on foot.

Admitting the incursion had taken place, the army's Ulster headquarters at Lissaburn said it was the result of a map-reading error and British forces had returned to the north immediately the mistake was realised. The helicopters had intruded into the republic's airspace by only about one kilometre, the army said, and had picked up members of a patrol. In the republic the Garda said a full report was being prepared for the Irish government.

For about two years there has been an unwritten agreement between the British and Irish authorities under which, in certain circumstances, military helicopters can cross the border for up to 5km without evoking diplomatic protest. The agreement does not extend to the use of ground troops and does not permit set-downs and pick-ups of the kind made yesterday.

A skipper facing charges of gun-running for the IRA has been moved for his own safety from a jail holding terrorist prisoners. Adrian Hopkins, aged 51, of Delgany, Co Wicklow, was transferred from the top-security Portlaoise prison to Mountjoy jail, Dublin.

He was arrested on board the Eksund off the French coast in October 1987 when 150 tonnes of Libyan arms and explosives bound for the IRA were seized. IRA chiefs blame Mr Hopkins for sweeps by Irish security forces that have uncovered arms and ammunition dumps in the republic after four previous shipments.

After jumping bail in France Mr Hopkins was arrested by Irish police in Limerick last week and appeared at the anti-terrorism Special Criminal Court on Saturday night.

A Scots Guard bandsman was knocked down and killed while manning a checkpoint near the centre of Londonderry early yesterday. The RUC has ruled out deliberate terrorist intent and is treating the death as an accident.

Drummer Paul Brown, aged 21, from Inverness leaves a widow and two children. Police said the driver had been questioned but not detained.

## Ashdown condemns poll system

By PHILIP WEBSTER  
CHIEF POLITICAL  
CORRESPONDENT

BRITAIN'S political system is rotten, almost corrupt, Paddy Ashdown, the Liberal Democrat leader, said last night.

Underlining his party's commitment to constitutional change, Mr Ashdown said the decline in participation in elections showed people were fed up with all politicians. The fair voting system backed by the Liberal Democrats gave power to the voters and not to the politicians.

In an interview on ITN's *News at Ten*, Mr Ashdown said that although his party had not progressed as fast as he would have liked and it had been a tough two years since the break-up of the alliance, Britain was back to three-party politics. The end of the Owenite faction had cleared the smoke. He admitted that his party was still afflicted by public doubt over what it stood for and it had to get its message across more clearly.

The leader of the Liberal Democrats said that he would be prepared to put up income tax, if it was the only way to provide Britain with investment, especially in education. He said, however, that much of the required money would come from the "environmental taxes" planned by his party.

Admitting that the party's politics had not changed, Mr Ashdown said that the party had not used to dealing with it. "So there, from the Crown's own witness, is direct evidence which would suggest to you that Anthony Parnes did not know what was going on," he said.

The trial continues today.

## Priory mass for 2,000 pilgrims



PILGRIMS joining in the singing at an open air mass yesterday in the ruins of the Augustinian Priory at Little Walsingham, Norfolk.

Two thousand Catholics, some of them barefoot, walked the "Holy Mile" to attend the service, the highlight of the fourth day of a five-day Catholic charismatic renewal conference (Ruth Gledhill writes).

The conference, in a tradition not normally associated with catholicism by those outside the church, was representative of an increasingly popular style of worship made possible by the Second Vatican Council in 1967. Before yesterday's mass, priests heard confession, or the "sacrament of revelation", standing fully robed, face-to-face with the congregation in the priory grounds.

The pilgrims to the conference held regular

meetings, prayer and healing groups in the 12 marqueses on the edge of the Stiffkey river, a mile from Little Walsingham. It was attended by up to 3,000 people including 60 priests and a small Anglican contingent.

Worship was a combination of new and old, including song, dance and speaking in tongues with more traditional liturgies including the Magnificat and Hail Mary.

Myles Dempsey, conference chairman and head of the London-based lay Catholic Community of Christ the Prince of Peace, said: "We are different from the Pentecostal Charismatic renewal is something that has entered into all mainline churches and will find different expression according to different traditions. That is why it is different from house churches: we want to remain within the church."



Tourist trail: two Ukrainian children sightseeing in London yesterday. They are guests of the Ukrainian community in Nottingham, which asked 30 children from Pripyat, 10km from the ill-fated Chernobyl nuclear reactor, to stay for a month. The guests were evacuated from their houses after the disaster in 1986

## Disquiet threatens Scottish Tory chief

By KERRY GILL

THE future of Michael Forsyth as chairman of the Scottish Conservative Party appeared to be in jeopardy last night as senior party members privately said that he must be ousted by the autumn.

Discontent has been growing among mainstream Tories over Mr Forsyth's hard-line style of leadership. This came to a head on Wednesday when Douglas Young, the Scottish party's most senior official, announced his resignation.

Publicly, he said that his job as director of campaigns had finished, but it is believed that he became tired of slanging matches between supporters of Mr Forsyth and those of Malcolm Rifkind, Scottish secretary. A senior Tory last night said: "He was fed up. I heard he wanted out as soon as he could find another job."

Mr Young's decision to leave after only eight months in the job increased dismay over the Tories' fortunes under Mr Forsyth, who appointed Mr Young. Recent opinion polls have shown the Tories at only 18 per cent in Scotland, compared to 24 per cent at the general election.

The source said: "The mainstream in the party wants Forsyth to go. It is a gut feeling among many people in the party who feel that under his leadership we would lose heavily at the next general election. He has spent the last year trying to destroy Mr Rifkind's career, orchestrating revolts and supporting Nicholas Ridley [while Mr Ridley was trade secretary]."

Noting a call by Bill Walker, vice-chairman of the Scottish Conservatives, for the Scottish secretary to stand aside for Mr Forsyth, the source said: "If that had not been a set-up, Walker would have been sacked."

Last night, the Scottish Tory Reform Group, sympathetic to the Rifkind camp, announced that it was to reinforce its position as a think-tank on Tory policies. Arthur Bell, its chairman, said that it would identify issues that concerned voters, such as job creation and housing. It was time to forget "loony, libertarian" distractions such as privatising prisons.

Fishery owners and managers are urged to set limits on the number and size of fish that can be caught, to prohibit bait or methods of fishing that are unreasonably damaging to fish stocks or to the

## Code to conserve salmon and trout

By MICHAEL HORNBY, AGRICULTURE CORRESPONDENT

A VOLUNTARY code to promote more sporting fishing among game fishermen and to conserve depleted stocks of salmon and trout was launched yesterday at the opening of the annual Game Fair at Margam Park, South Wales.

JAMES Ferguson, director of the Salmon and Trout Association, which drew up the code with 16 other game fishing organisations, said: "As many as 300,000 people now do nothing but game fishing and there is increasing pressure on space and stocks. The spring salmon run has deteriorated enormously over the past ten years. Sea trout stocks have completely collapsed in western Ireland and seriously declined in western Scotland."

The code, which covers fishing for salmon, trout, sea trout, grayling and char, urges every angler to accept blank days as part of the experience of fishing. "There is more to fishing than catching fish," it says. Initially, 50,000 copies of the code will be distributed to country hotels, fishing clubs and organisations. A print run of 300,000 is planned.

Fishery owners and managers are urged to set limits on the number and size of fish that can be caught, to prohibit bait or methods of fishing that are unreasonably damaging to fish stocks or to the

interest of other anglers or are seen locally to be unsporting and to discourage the sale of rod-caught fish.

Anglers are exhorted to be watchdogs of the water and its environment. Fish caught for food, the code says, should be promptly and efficiently dispatched. All other fish should be released as quickly as possible and "never thrown back into the water but held facing upstream in running water until they swim free". Barbless hooks are recommended for catch and release fishing.

In a foreword, Lord Home of the Hirsel says "angling is all about good manners". The code carries on its cover a quotation from Izaak Walton's *The Compleat Angler*.

"Doubt not therefore, Sir, but that Angling is an Art, and an Art worth your learning: the question is, rather, whether you are capable of learning it?"

Rodney Swarbrick, president of the Country Landowners' Association, which organises the three-day Game Fair, urged government planners not to be shy of allowing industry to develop in the countryside. Wales offered a good example of "where two businesses, agriculture and industry, have united to provide income and employment for the local community," Mr Swarbrick said.

Scientists are calling for a study of children in Cornwall to determine whether they suffered mentally as a result of one of Britain's worst water pollution incidents, according to a report in today's issue of *The Times Educational Supplement*.

About 40 adults have complained of short-term memory loss after the incident at Camelot two years ago when aluminium sulphate entered the water supply.

**Pollution fears**

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About 40 adults have complained of short-term memory loss after the incident at Camelot two years ago when aluminium sulphate entered the water supply.

**Bail for youth**

A youth aged 16 who has spent six weeks in custody accused of the murder of a boy aged 14, was granted bail yesterday after claims of a forensic mistake by police. His lawyer told Sunderland juvenile court that the evidence against him was nine months older than the case. The youth was arrested when police claimed to have found on a wall a blood-stained fingerprint linking him to the death.

## IRA bomb gave Gow no chance, inquest is told

By MARK SOISTER

THE inquest into the death of Ian Gow, the Conservative MP and close friend of the prime minister, was opened and adjourned yesterday, as detectives searching for his IRA killers appealed for information about a second car seen speeding in the scene early on Monday.

At the inquest in Eastbourne, East Sussex, the coroner was told by the family physician, Dr David Hanratty, that he was called to the MP's home and found him dead in the wreckage of his car.

Dr Hanratty, of Hailsham, East Sussex, said that Mr Gow would not have survived the IRA attack even if it had happened in a hospital entrance. He later identified Mr Gow's body formally. The coroner's officer said that the cause of death was severe blast injuries.

Detective Chief Inspector Alan Snelling said that Mr Gow had driven out of the garage and was manoeuvring in the driveway when an explosive device detonated.

David Wadman, the coroner, said that in the light of the evidence and the police criminal investigation he would adjourn the inquest to a date to be fixed. Mr Gow's funeral is expected to take place

## EVER WONDERED WHAT IT'S LIKE TO DRIVE A RANGE ROVER?

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The luxury of height is complemented by the height of luxury.

Inside the air-conditioned Vogue SE you'll find a fascia adorned with burr walnut, sumptuous seats upholstered with Connolly hide, and electrically operated features everywhere.

Also standard on the Vogue SE is the world's

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Powering you will be either the 2.5 litre Turbo Diesel or the new 3.9 litre petrol engine.

Where appropriate, the latter will take you to 60 mph in under 10 seconds and then on to a maximum speed of 111 mph.

Plenty fast enough, although not as fast as some other cars you may have driven.

But then, you'll be above all that, won't you?

**RANGE ROVER.**

# MPs criticise costing for state property development

By RICHARD FORD, POLITICAL CORRESPONDENT

THE system of estimating costs for redeveloping and modernising government property was criticised yesterday in a report showing multi-million pound increases in spending on several projects.

A group of MPs urged the government's Property Services Agency (PSA) to change the method of producing figures so that a distinction was made between outline costs and properly costed estimates.

The Commons environment committee called for the agency to provide greater detail in its costings, and, after being told of the reasons for part of the extra costs for renovation work at Marlborough House, London, said: "It is clear that the estimating procedure is still far from foolproof".

The committee is highly critical of the delay in completing the renovation of one building that has prevented a series of moves by government bodies and left the education department of King's

## Fine follows demolition of coach house

A PROPERTY developer who bulldozed an old coach house to build a new three-bedroomed property was fined £10,000 yesterday.

Michael Durant, aged 34, demolished the 19th century building in a conservation area at Barnet, Hertfordshire, without council permission, a month after he had bought it for £360,000.

Months later he offered to build a replica and the plans were approved. Then he tried to persuade councillors to let him build a new house instead. Knightsbridge Crown Court, west London, was told yesterday.

Mr Durant said in a statement read in court, that the building was falling apart. Mr Michael Bedford, for the defence, said that Durant, who pleaded guilty, did not realise that he could not knock it down without permission.

THE system of estimating costs for redeveloping and modernising government property was criticised yesterday in a report showing multi-million pound increases in spending on several projects.

The MPs' report said: "The PSA put the failure to complete the sale down to 'legal difficulties', implying that these were raised by the purchasers. It was only under pressure that witnesses admitted that the purchasers were the victims of the PSA's failures and stand to meet a loss thereby. This is scarcely conceivable."

The report gives details of big projects showing an increase in costs, including two, the development of Richmond Yard, Whitehall, to provide offices for the health and social security departments, and renovating the old War Office, in which estimated costs have risen by 100 per cent.

The initial estimate of £22 million for Richmond Yard, based on an outline design, has now risen to an estimated cost of £44 million, which the PSA blamed largely on changes made before the award of the main contract plus £7 million due to inflation.

Work on site preparations at government offices in Great George Street, Whitehall, show an 80 per cent increase from £1.3 million in 1989-90 to £2.4 million in 1990-1. The PSA defended its failure to cost the project correctly by saying that the original estimate had been produced at the "outline stage" and that work during design had shown that more needed to be included in the specification.

The MPs also criticised the way in which estimates for renovation of the centre block of Marlborough House had been prepared. The costs had risen from £7 million to £10 million, of which £860,000 was due to changes in "resource requirements and unforeseen circumstances". They said that a significant part of the extra cost was due to the omission of site supervision from the estimate, and added: "We are at a loss to understand how such an obvious error could have been made."

Environment committee report on PSA services and DoE property holdings main estimates 1990-1991 (Stationery Office, £7.85)



## Tourism strains prompt national trail status for Hadrian's Wall

By RONALD FAUX

HADRIAN'S Wall is to become a national trail in a project that will complement the government's attempt to relieve the pressure of tourism on Britain's historic monuments and beauty spots. Earlier this week, the government announced the setting up of a task force to tackle the issue.

Although the wall that marked the northern boundary of the Roman Empire is profoundly historic and an environmental jewel, interest is concentrated on a few famous stretches that are consequently under severe pressure, according to Judith Moore, the project officer. "They are grossly overcrowded. What we want to do," she said, "is link the line of sites in one continuous walk of 80 Roman miles from the Tyne to the Solway, bringing in scores of other points of interest that tend to be overlooked."

Only ten miles of Hadrian's once-impenetrable fortification remain almost intact, the rest having been overwhelmed by a millennium of building development, agriculture and erosion by weather. It is no longer possible to follow the exact line of the original wall as several front parlours

would have to be invaded and General Wade's military road, now the B6318, would have to be returned to cobbles.

Miss Moore has walked hundreds of miles in her exploration of the best pathway. Some of it follows established rights of way or crosses national park land, but she has also negotiated with about 30 owners on the 40 miles of private land along the way.

The proposed route will this week be considered by the Countryside Commission, which launched the project and will finance the way-marks, footbridges, sign posts and so on.

needed along Hadrian's Way. An unknown number of enthusiasts "walk the wall" from coast to coast every year, trespassing on private land and risking fast traffic on General Wade's road.

"We are not foisting this on people," Miss Moore said. "When the route has been put out for consultation and is finally approved, it will be a corridor of much wider interest. It will be an ideal week's walking of ten miles a day with a variety of scenery surprising to anyone who thinks that a Roman wall is no more than a straight line across empty moorland."

The federation says the decline in affordability has been particularly marked since the assured tenancy provisions of the 1988 Housing Act for new lettings took effect in January last year. Rents for new lettings in January last year accounted for 18 per cent of the

average net weekly household income of housing association tenants, where at least one person was in work. By March this year the proportion had increased to 22.5 per cent while the equivalent for assured lettings only was 24 per cent, well above the federation's guideline of 20 per cent.

Average rents for new lettings have increased at three times the retail price index since the first quarter of 1988. During that period incomes of new tenants have increased less than average earnings.

## Labour studies union plan for settling pay

By TIM JONES, EMPLOYMENT CORRESPONDENT

NEIL KINNOCK and senior Labour party advisers are studying a radical plan which could rid Britain of the image of a country perpetually in the throes of damaging wage negotiations.

If it succeeds, all big settlements in the private and public sector would be settled within three months, avoiding the present trend of leapfrogging and "ratcheting up" wage demands in the face of inflation and previous settlements.

John Edmonds, general secretary of the GMB general union, and Alan Tufin, general secretary of the Union of Communication

Workers emphasised yesterday that their initiative was not an attempt to resurrect an incomes policy. They were equally adamant that they were not seeking a special "sweetheart" arrangement with the Labour party if it won the next election. Mr Tufin said: "Beer and sandwiches at No 10 is not on the agenda."

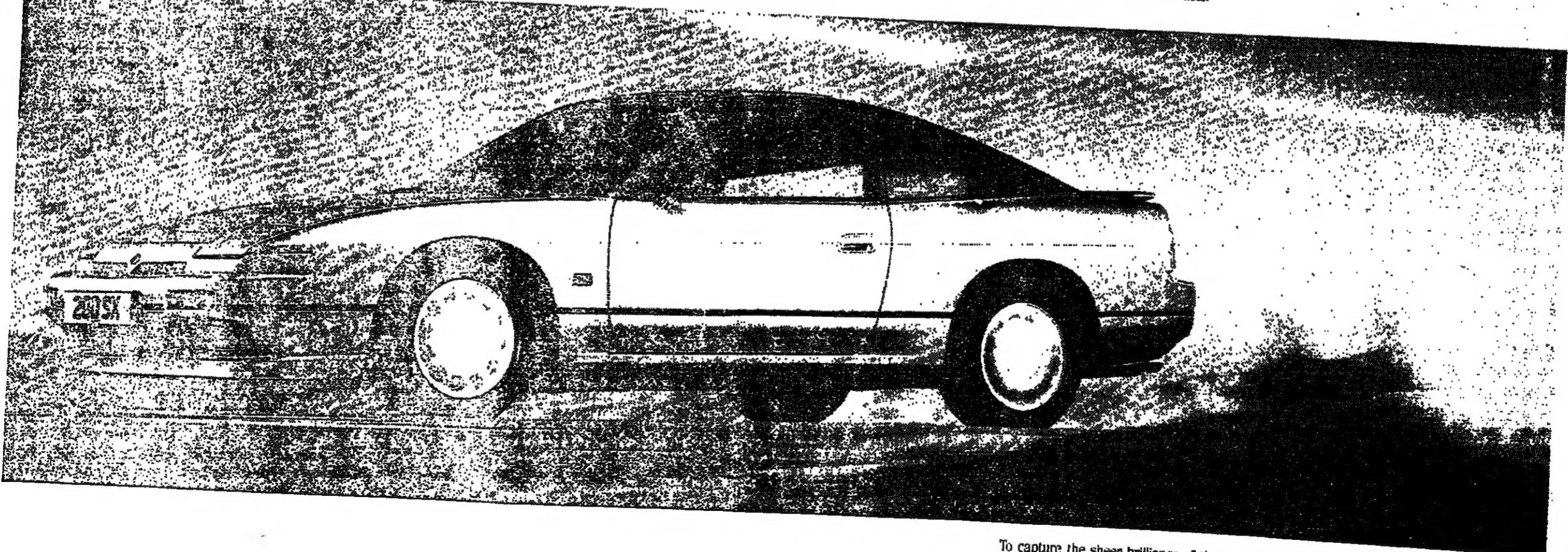
Under the union plan, the main negotiations on pay and conditions would be concentrated in the first three months of the year after a public discussion of the country's economic prospects between the government, the CBI and the TUC. The discussion, the union leaders suggest, could be launched by the publication of the government's autumn statement on the economy.

Their report, *A New Agenda - Bargaining for Prosperity in the 1990s*, argues that under the system pay settlements would be more likely to fall within a range that is acceptable as consistent with national needs.

It adds: "There would be less likelihood of the going rate being forced upwards by successive settlements progressively raising the minimum acceptable figure."

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# Universities given £9m to provide housing aid

By Tom Giles

THE government is to provide universities with more than £9 million next year for access funds to help students most affected by the loss of welfare and housing benefit under the new social security bill.

The new payments are intended to complement the government's student loans scheme which comes into effect at the beginning of the

## Children's language ability a 'disaster'

By David Tytler  
EDUCATION EDITOR

CHILDREN'S inability to speak a foreign language when they leave school is a disaster and the compulsory lessons in the national curriculum will not improve matters, a teachers' leader said yesterday.

Peter Dawson, general secretary of the 40,000-member Professional Association of Teachers, said: "The linguistic incompetence of most children on leaving school is a disaster of monumental proportions. It bears directly upon the whole question of the degree of influence the next generation will be able to exert in Europe."

"Conversation in a foreign language should be taught to all children from the day they start school at five. They will pick up such a language the way they pick up English — by hearing it and speaking it."

Mr Dawson said that teaching methods were failing to deal with the problem, which would not be helped by the introduction of a compulsory modern language for children aged 11 to 16.

"The teaching of foreign languages as an academic discipline at secondary level is utterly and totally irrelevant to the needs of the great majority of young people of the United Kingdom in the European era. GCSE French and German for those with a special talent for languages will not equip this country for its European future," he told the association's annual conference in Nottingham.

"All foreign language inspectors and advisers should be withdrawn from their posts and allocated to groups of primary schools to provide conversation classes. French and German assistants should be recruited to primary schools."

"The BBC should be encouraged and resourced to produce children's radio and television programmes in foreign languages. I don't mean teaching programmes. I mean ordinary children's radio and television in French and German," Mr Dawson said.

British immigration rules are being relaxed after Alan Howard, a junior education minister, complained to the Home Office that delays in allowing foreign teachers to enter the country could have "unfortunate and potentially very embarrassing" consequences for the government. There are about 100 applications from foreign teachers outstanding.

## Poisoner dies in jail

The poisoner Graham Young has died in prison, the Home Office said yesterday. Young, aged 42, was found unconscious in his cell at Parkhurst prison on the Isle of Wight on Wednesday. Young's case provoked uproar in 1972 when he was jailed for life for murdering two workmates by poisoning them while on conditional release from Broadmoor. He was also convicted of two attempted murders. Young had been released four months earlier after being sent to Broadmoor at the age of 14 for poisoning his father, sister and a friend. They all survived.

## Woman crushed Armed siege

Police are waiting to interview a schoolboy who accidentally crushed his mother to death with the family car. Linda Salisbury, aged 41, suffered fatal injuries in accident outside her home in Radcliffe, Greater Manchester.

## Poll tax cut

The Tory-controlled Derby city council has set a community charge of £399 after the Labour-controlled Derbyshire county council announced spending cuts of £45 million. That means poll tax payers will each be £59 better off.

## Rice to divorce

The 16-year marriage of Tim Rice, the composer and lyricist, and his wife, Jane, is to end. Their names appear on the latest list of "quickest" divorce matters scheduled to be heard in the London.

## Mosaic damaged

A 2,000-year-old Roman mosaic pavement, uncovered by archaeologists near Market Harborough, Leicestershire, has been hacked to pieces by vandals during the night.



Clean-up climb: Andy Butterworth, of the Bradford Graffiti Removal Unit, swings into action to remove an eyecore from the cliffs at Valley Road, Bradford, West Yorkshire. He had to call in the Headwall climbing team to help.

## Carey tells of conversion and his early difficulties

By RUTH GLEDHILL, RELIGIOUS AFFAIRS REPORTER

THE first commandment given to the newly chosen Archbishop of Canterbury on his conversion to Christianity was to stand on a soap box and preach in front of his parents' house in Dagenham, Essex. His local vicar then commanded him to learn whole chapters of the gospel by heart.

Dr George Carey, Bishop of Bath and Wells, described his "quite dramatic" conversion in an interview published today. He told John Martin, editor of *The Church of England Newspaper*, that within a year the rest of his family had

its, particularly in the charismatic part of the church."

Dr Carey, an Arsenal supporter, used a football analogy to describe the role of bishops: they were the "sweepers": they dealt with the problems that got past everyone else.

He described the difficulties he encountered with his early faith. "I have always been a person who has to think things out so the intellectual side of faith is very important to me. Having been brought up in the war years, seeing people blown up, I had to wrestle with questions like, is there a God

Letters, page 11

## Woman died after she was attacked by a cat

AN ELDERLY woman who lived in fear of her next-door neighbour's tomcat died from a blood clot after the animal attacked her (Michael Horsnell writes).

A coroner's inquest was told yesterday that May Paul, aged 80, suffered more than 20 puncture marks to her arms and legs on June 16 after the black and white cat chased her through her home in Bath.

Mrs Paul, a widow, died three weeks later in hospital.

Her son Anthony Paul, an electrical engineer from Bath, told the court how she had lived in fear of the animal.

locking windows and doors even in summer, after an initial attack three years ago. "She had been extremely frightened of the cat and she opened the back door that morning and found it sitting there waiting for her. It jumped straight at her."

The cat's owners Martin and Alison Burford had it destroyed after Mrs Paul staggered to their home.

Donald Hawkins, the Avon coroner, said an unbroken chain of events led from the attack to Mrs Paul's death. He recorded a verdict of accidental death.

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# Hunt launches £14m scheme to improve Welsh environment

By MICHAEL McCARTHY, ENVIRONMENT CORRESPONDENT

The Welsh environment is to be improved in a £14 million campaign covering towns, villages and landscapes throughout the principality. The scheme, announced yesterday, will take four years and involve more than 300 projects.

David Hunt, the Welsh secretary, said the campaign was probably the most sustained drive anywhere in Europe to raise the quality of the environment.

The programme of 327 schemes, costing £14.4 million, is a partnership between Welsh local authorities and the Welsh Development Agency, whose land reclamation department already spends £25 million a year on reducing industrial dereliction. Gwyn Jones, chairman of the development agency, said yesterday: "The success that Wales has achieved economically over the past few years must be matched with comparable progress in improving the environment in which we live and work. This programme will affect directly the quality of life in Wales and renew local pride in very many communities."

The campaign will see park-

land walks replace industrial wasteland and trees used to screen factories. Nature reserves will be laid out, castles groomed and pressure taken off ancient town centres through the introduction of pedestrian-only streets.

Sixty schemes have been earmarked for mid-Glamorgan as part of a drive to improve the environment of the industrial south. A riverside parkway is to be built beside the Rhondda. Nearly £500,000 will be spent on improving the approaches to Ebbw Vale, which is the site for the 1992 National Garden Festival. Building frontages are to be improved in the isolated towns of mid-Wales, such as Llandover and Llandeilo. In the agricultural north, Denbigh's old streets are to be renovated. The surroundings of Haverfordwest Castle and Carmarthen Castle are to be enhanced and the inner harbour at Aberaeron is to be developed.

Mr Hunt, speaking in Cardiff, said that his scheme was designed to improve the image of Wales to home and overseas investors, and to secure a better quality of life.

The scheme is part of the Edinburgh Urban Forestry Project to revolutionise the management of trees and to allow easier planning of maintenance. Investigators are to start with those trees on the streets of the city and will later focus on parks and woodland areas. The council hopes to cover housing estates and schools next year.

Robert Cairns, chairman of the council's planning committee, said: "This is an essential step in the urban forestry programme, which it is hoped will eventually include a major increase in the number of trees and the production of valuable timber and timber products from trees that need to be felled."



Peter Bonsall, centre, of Islington's parks department, and a police officer face to face with protesters yesterday

## Heart disease linked to foetal growth

By THOMAS PRENTICE MEDICAL CORRESPONDENT

MANY people may be born at increased risk of a heart attack or stroke later in life because of impaired development in the womb, according to research published today.

Scientists have studied wartime records of births in a Lancashire hospital and their medical histories as adults to establish for the first time a direct link between reduced blood flow in the foetus and high blood pressure later in life. The findings, reported in the *British Medical Journal*, emerged from studies of hundreds of people whose births were recorded in detail at Sharoe Green hospital, Preston, between 1935 and 1943.

The records included each mother's pelvic measurements and previous pregnancies and each baby's birthweight, placental weight, head size and length.

Researchers tracked down from the records 449 men and women, who were willing to co-operate in the project. David Barker and his colleagues from a medical research council unit at Southampton university found that those who now have high blood pressure, a risk factor in heart disease and stroke, had impaired foetal growth.

Professor Barker's team discovered that the larger the placenta the more likely there would be disproportion between the baby's body length and head circumference. This disproportional growth was consistent with diversion of blood away from the body of the foetus to its brain.

Redistribution of blood flow to favour the brain is known to occur in a foetus exposed to harmful influences, such as lack of oxygen. "Reduced blood flow to the trunk, induced in a foetus that is small in relation to its placenta, could have irreversible consequences, perhaps by influencing arterial growth," Professor Barker says in the journal. "These findings show for the first time that the intrauterine environment has an important effect on blood pressure in adults."

The usual explanation for differences in blood pressure is that they depend on factors such as obesity, alcohol consumption, salt intake and other environmental influences during adult life. The Southampton team's conclusion that high blood pressure and its associated risks of heart disease and stroke are predicted by a combination of placental weight and birth weight may cause a revision of the orthodox view.

"Mothers' blood pressures are related to those of their children and it could be argued that placental weight is linked to adult blood pressure through a genetic mechanism that determines both the blood pressure of the child and the growth of the placenta," the researchers say.

Foetal size is strongly linked with the mother's stature and pelvic size, which in turn are related to her nutrition in childhood. "The nutrition of girls may therefore be linked to blood pressure levels in the next generation."

By improving the physique and nutrition of girls and women today, blood pressure levels in the children they eventually bear could be lowered, the researchers suggest.

• Evidence that snoring can increase the risks of a heart attack is published in *The Lancet* today by doctors in Western Australia. Heavy snoring can interrupt breathing and trigger an attack in men with heart disease.

## Protesters conquer chestnut fellers

By ROBIN YOUNG

PROTESTERS yesterday succeeded, at least temporarily, in saving their spreading chestnut tree. The tree, in St Paul's Shrubbery, Islington, north London, was condemned last month by the Court of Appeal because a resident complained that it was invading his property and pushing over his garden wall.

When workers from Islington borough council arrived to cut it down, however, they found half a dozen members of Friends of the Earth sitting in the tree. About 60 supporters covered the tree with banners and placards, one of which read: "Don't be bonkers, save the conkers".

Children were painting a "tree of life" picture in the chestnut's shade, a piper played a lament and Richard Adams, the author of *Watership Down*, who lived in St Paul's Place for 25 years, sent a message of support.

When police were called, Chief Inspector Malcolm Hines said: "I don't want anybody to get hurt and I certainly won't be sending any policemen up the tree." The tree surgeons appointed to fell the tree then withdrew.

Islington council, whose plea that the 150-year-old tree be reprieved was rejected by the Court of Appeal a month ago, has returned to court to seek an extension to the 28 days allowed for the tree's removal. The extension expired last night.

The order was won after a 13-year dispute by Peter Elliott, of St Paul's Place, who said the tree was damaging his property. He has ignored petitions and was not answering his door yesterday.

Nell Mitchell, of Islington Friends of the Earth, said: "We may have won the battle but the war continues. It is a small victory for the environment but we know the council could come back at any time."

Peter Bonsall, head of Islington council's parks department, said: "We will have to cut the tree down in the end. The law is the law."

## Norway steps up nuclear protest

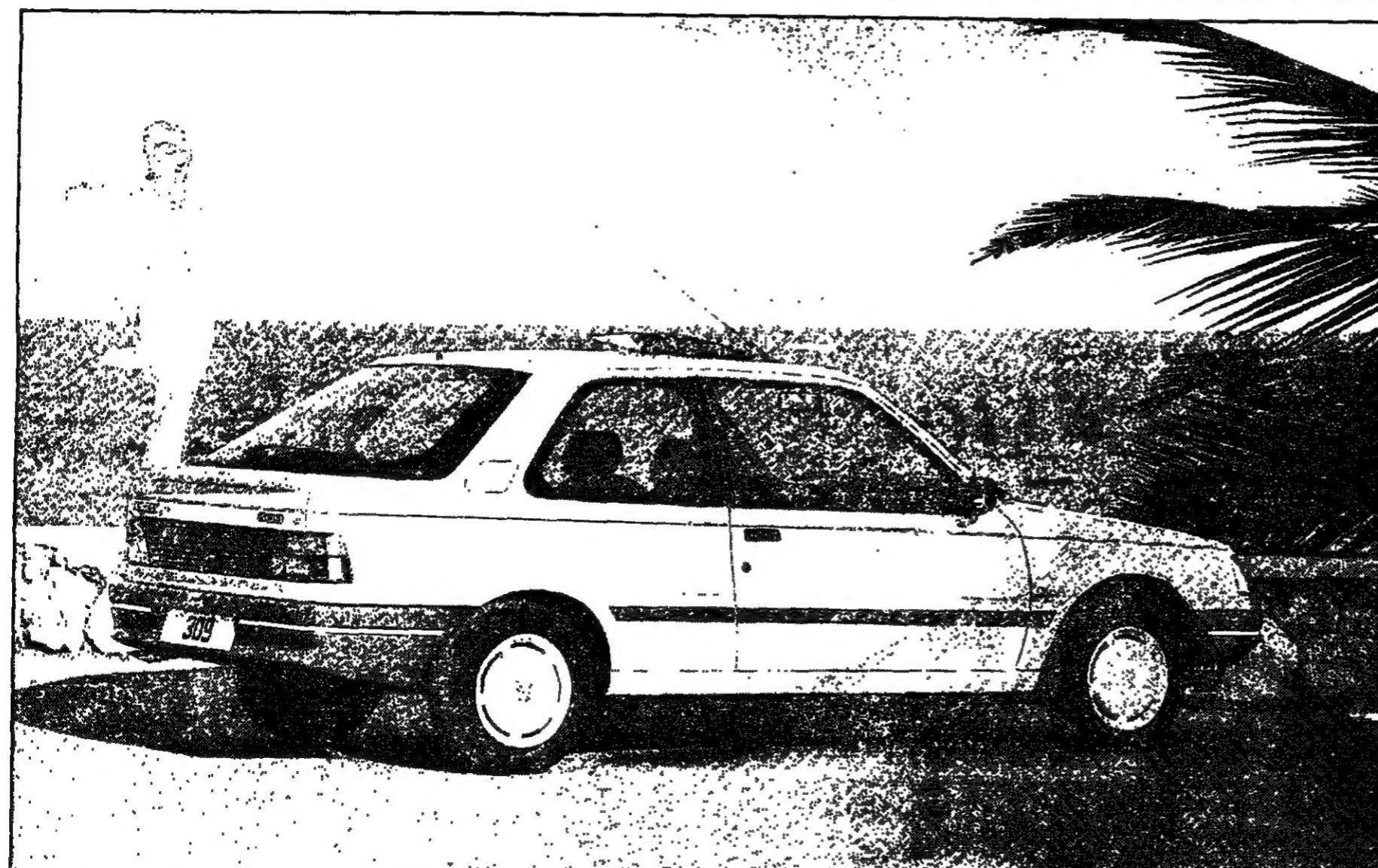
From TONY SAMSTAG IN OSLO

THE Norwegian government has intensified its international campaign against British nuclear waste reprocessing at Dounreay in Scotland. Kristin Hille Valle, the environment minister, has taken the unusual step of writing to counterparts in the European Community to enlist their support.

Norway has spearheaded opposition to any expansion of the nuclear plant, arguing that the likelihood of accidents posed unacceptable high risks of radioactive contamination. Norwegian scientists say that a Chernobyl-style accident at Dounreay, just 250 miles from their coastline, would affect Norway in much the same way as the explosion of a nuclear device over Britain, while even a minor accident could be a catastrophe for North Sea fisheries.

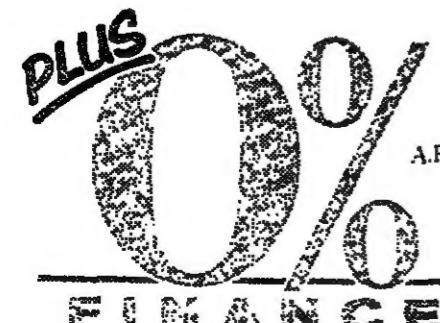
As recently as May, Mrs Hille Valle, alarmed by proposals to store radioactive waste in the bed of the North Sea, wrote to her British counterpart, Chris Patten, reminding him that it was her

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July 1990

# Blueprint for cuts in US forces revealed

From MARTIN FLETCHER IN WASHINGTON

THE blueprint of a radically revised military strategy for the United States in the post-Cold War era has been presented to President Bush by Richard Cheney, the defence secretary.

It is based on the assumption that it would take Moscow up to two years to mount an invasion of the West once its troops have been withdrawn from Eastern Europe, instead of the two weeks that the US counted on at the height of East-West tension.

It involves a reduction of about 500,000 in America's present active-service military strength of 2.1 million by the mid-1990s, and a fundamental reorganisation of the military into four basic components: an Atlantic force, a Pacific force, a rapidly deployable contingency force and a strategic force of long-range nuclear weapons.

The present concentration on the defence of Western Europe would give way to a more balanced global strategy. The blueprint does not explicitly identify the cuts that would be possible in Europe after a complete Soviet withdrawal, but Pentagon officials are said to be considering plans to retain only about 100,000 to 120,000 troops there. At present there are just

over 300,000 with super-power talks aiming for a ceiling of 225,000.

The blueprint is still being refined and has yet to be approved by Mr Bush, though he is said to view it favourably, but its details were leaked to *The New York Times* yesterday in what may have been an attempt by the Pentagon to dissuade Congress from making too deep cuts in the 1991 defence budget.

Congressmen and senators have been sharply critical of the Pentagon for failing to produce a new strategy reflecting changed world circumstances and have been using that failure as a pretext for imposing their own sweeping cuts on its spending. The Pentagon would be able to use this blueprint as a bottom line.

Aspects of the proposals are also said to be arousing strong opposition from individual service chiefs fighting to protect their patches.

The blueprint is based on months of work by General Colin Powell, chairman of the joint chiefs of staff, and Paul Wolfowitz, the under-secretary of defence for policy, and represents the first comprehensive effort to adapt the US military to world circumstances altered by the collapse of the Soviet Union.

It envisages an Atlantic

force capable of responding to a Soviet attack against Western Europe or to aggression in the Gulf region. This would reportedly consist of five active army divisions, two in Europe, plus six reserve army divisions and two partially staffed "reconstitutable" divisions that could be hastily assembled at times of tension.

It would have three or four tactical fighter wings based in Europe, two more active wings in the United States, plus a reserve force equivalent to nine full wings. There would be six aircraft carrier groups, with one deployed in the Mediterranean. A 2,400-strong Marine force would be on station in Europe, with two active and one reserve Marine brigades in the US.

The primarily maritime Pacific force, designed to defend South Korea, Japan and other Asian allies, would centre on six aircraft carrier groups, one based in Japan, three or four tactical fighter wings based in the Pacific, an army division in South Korea backed up by another in Hawaii or Alaska, and four Marine expeditionary brigades, one in Japan, one in Hawaii and two in the United States.

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The contingency force, designed for rapid intervention in Third World trouble spots, would consist of five divisions, seven fighter wings and specially trained counter-terrorist forces.

Senior air force officials say they need more than the suggested 25 or so active and reserve air wings. They presently have 36. The army is said to be reconciled to losing six of its 18 divisions. General Powell has also suggested reducing the number of aircraft carriers from 14 to 11 but the navy insists it needs at least 12.

Defending his own troops.

## Soviet troop pull-out schedule 'impossible'

From IAN MURRAY IN BONN

IT IS impossible for Soviet troops in East Germany to be withdrawn within the time-scale agreed between President Gorbachev and Helmut Kohl, the West German chancellor, the East German minister for disarmament and defence, said here yesterday.

Rainer Eppelmann said that pulling out the 380,000 soldiers and their dependants – at least 500,000 people in all – together with their weapons could not be done in the agreed four years. He said that the withdrawal had to be orderly and not turned into something resembling a rout by a beaten army.

Defending his own troops.

he said about 60,000 members of the present East German people's army (NVA) should be integrated into the Bundeswehr after reunification.

Speaking after meeting Gerhard Stoltenberg, his West German counterpart, Herr Eppelmann rejected the suggestion that the NVA should be reduced by 80 per cent from its claimed present strength of 98,000 with 44,000 civilian members. He said it was inconceivable that the Bundeswehr would only have West German officers and men. Men who had worn the NVA uniform should not be treated as second-class people.

place this form of deterrent and, if so, how and whether it will fall within the strategic arms reduction treaty already agreed in principle in Washington, or is additional to them. At a press conference on the verandah of the Irkutsk guest house, Mr Baker and Mr Shevardnadze agreed that the planned deployment of the missiles was almost complete and said that their phasing-out or destruction would be a matter for negotiation at ministerial talks in Geneva.

The importance of the move depends largely on whether Moscow intends to re-

call its forces to the front.

The sources, who are in

daily radio contact with correspondents in Liberia, said that fighting started on Wednesday morning and by early evening the rebels of the National Patriotic Front of Liberia under Charles Taylor, had overrun the position, one of the last held by government troops in the West African country's interior.

They said that rebels had engaged the few remaining troops loyal to President Doe with machine-guns and grenades. No heavy shelling was reported.

Since Monday, government

soldiers had been frantically discarding their weapons, burning uniforms and slipping into the bush ahead of the rebels' advance.

The sources said the soldiers had expected Mr Taylor's rebels to arrive, as the insurgents had already taken positions near the border about 25 miles away.

Meanwhile, much of rebel-

held territory in the north near the border with Guinea has been calm for weeks, but the economy has been affected and there is an acute shortage of food and other supplies, the sources said.

As though wishing to emphasise the importance of the meeting to the Soviet side, Mr Shevardnadze said participants would be received by President Gorbachev.

Mr Baker will stay on an extra day to take part in an extended three-day meeting on US-Soviet trade and economic co-operation attended by senior trade officials from both sides, and American businessmen. Mr Baker said a broad range of subjects was under discussion, including a bilateral investment treaty to protect US concerns wanting to invest in the Soviet Union, and a tax treaty, presumably to protect US businesses from punitive tax rates introduced by Moscow last month.

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## Hype comes to shove

Philip Howard

**A**ugust is the driest month for publishing. The daily Niagara of publishers' hype has dwindled to a trickle. Publishers' publicity is a profession that has sprung up over the past generation, along with the enormous increase in advertising in every department of life. A generation ago, when publishing was a cosier business, such publicity as there was left to the chairman and senior editors to handle on the old-boy network. "Billy Collins, when he was still running his family firm, once complained at a planning meeting that not enough Collins books were getting reviewed. In front of them all he telephoned the doyen of literary editors, "Harold," he bellowed down the phone, "we are publishing some very good books, and you are not reviewing them. I am going to put a selection of them in a taxi, and send them straight round to you." Loud and clearly audible to everyone the voice of the admirable literary editor came back: "Billy, you get on with your effing business, and leave me to get on with mine."

Nowadays, for better or worse, publishing is run by accountants and men and women in suits from the conglomerates, rather than by irascible amateur geniuses. And a cadre of professional book publicists has sprung up, whose job is solely puffing. In America, where they are even more advanced in such practices than we are, the Institute for Propaganda Analysis has examined the methodology of persuasion, and formulated seven basic devices used by publicists.

The "bandwagon" effect encourages people to buy a book because everybody else has. Another name for this trick is bestsellerdom, the star system among books. A bestseller is to books what a celebrity is to humans. It is a book known primarily (exclusively) for its well-knownness. You don't have to read it.

"Card-stacking" is the device of loading an argument with evidence for one side while suppressing evidence to the contrary – i.e. bias through selected facts and statistics. It shows how far we have gone in worshipping the Baal of advertising that no publicist or politician sees anything dishonest, or even strange, in card-stacking.

"Glittering generalities" is the device of attaching attractive catchwords and euphemisms to your product, the book or the political party. "Name-calling" means labelling the opposition with unattractive though vague labels. President Bush campaigned largely by this device, using "liberal" as a boozed-up name-calling is not unknown to British politicians. "Plain folks" is the device of persuasion through grass-roots image and folksy language, populist rant, and the sort of silly articles beginning: "Why, oh, why..."

"Testimonial" is the device of

...and moreover

## HENRY STANHOPE

**T**ough never tempted to go round the world in 80 days I have wondered about trying to do so on eight words. The lack of a sponsor is one major disadvantage. They used to do this sort of thing for bets. Nowadays Phileas Fogg would never leave Pall Mall without a sponsor.

The other difficulty is the final choice of words. Seven almost choose themselves, by being more or less universally understood. These are: taxi, toilet, telephone, airport, hotel, beer and OK. Equipped with this slender portfolio one could eat, drink and be reasonably merry while travelling from continent to continent, even telephoning for the cricket scores on the way.

The pronunciation might need to be varied slightly – "twale" or "twaleta" for toilet – but even in Finland, where they have different words for almost anything, you can still call for a "take" in the street. For that matter you can order a "tac" in Welsh. Phileas Fogg – though usually in vain because there aren't any. I toyed with adding "Manchester United" in the interests of broadening one's contact with the locals (it works: I have tried it) but this would have put me one over the eight.

My conclusion is that our language, rich though it is, could still benefit from an import from the Continent. I refer to the ubiquitous German *büte*, which, though falling short of international status, can cover an admirable list of situations, the verbal equivalent of a Swiss army knife.

As anyone who has ever been to Germany knows, one can move around without saying anything else. True, one can do so without speaking a single syllable of the language, since they all speak English more fluently than we do. But *büte* oils the wheels, so to speak.

*Büte* means not only "please" but "not at all". Accompanied by the right facial expression, it can speak additional volumes on its own. It can represent "Excuse me", "Do you mind?", "No, after you", "Let me lead the way", "What was that you said?", "I wonder if you could pass the tomato sauce", "Forget me, I'm a little hard of hearing", and "Could you tell

me the time of the next train to Baden-Baden?"

Finding myself with a headache in Helsinki once, I managed to locate a chemist's shop. Massaging my forehead and rolling my eyes, I let out a tentative groan to convey the nature of my distress. The lady paled and watched with an expression I had not seen the days of the late Gilbert Harding on *What's My Line?* – before running behind the demijohns of coloured water.

She was replaced by a muscular young demijohn in a white coat who was clearly used to dealing with drunks wandering in off the pavements on Friday nights. Quickly diagnosing my condition he sold me a bottle of highly priced seasickness pills and we parted on amicable terms. Had we been able to use *büte* I am sure the transaction would have been simpler.

When an Englishman buys a newspaper, the conversation runs roughly on these lines:

Customer: "Good morning. Could I have this copy of *The Times* please?"

Shopkeeper: "Certainly sir. Thirty-five pence please. Lovely day again."

Customer: "Ran the mower over the lawn at the weekend."

Shopkeeper: "No doubt we'll all pay it for it later – just when I go on my holidays. Ha ha."

Customer: "Wife's in bed with shingles too, worse luck."

Shopkeeper: "Oooh dear, nasty that. Oh well, there you are. Mind how you go."

Customer: "Thank you. Bye."

Shopkeeper: "Bye-bye. Thank you."

Congenial though this is, it takes an awful lot of time. What they need is a drill like the Germans'. A similar transaction in Wiesbaden might go like this:

Customer: "Bitte."

Shopkeeper: "Danke."

Customer: "Bitte." Wiedersehen.

Shopkeeper: "Wiedersehen."

With such wonderful economy of words the Germans are in and out again in seconds. Now they have the rest of the morning to themselves, to make their wretched Porsches and machine tools, their hock, their Leopard tanks and pumpernickel. It's all to do with having a word for everything.

## Sanctions are the world's only answer to Saddam



Sir Anthony Parsons, a former diplomat in six Arab capitals including Baghdad, on the need for international action

The invasion of Kuwait was not entirely surprising, despite the consensus that Saddam's threats and troop concentrations were sabre-rattling to whip the smaller OPEC states into line over oil output quotas, and to force a price increase. In the run-up to the Iraqi invasion of Iran in 1980, the conventional wisdom was that the bombast from Baghdad was unlikely to go further. When Iraq forces crossed the Iranian frontier in September, Saddam's reputation as a man of action was confirmed. In the present case, he knew he was facing a military walkover and he must have calculated that, internationally, he would get away with what amounts to naked aggression.

If he does get away with it he will have achieved many things. Whether Kuwait remains a nominally independent Iraqi puppet or whether the "interim government" unanimously votes for

unification with mother-Iraq, he will have control of Kuwait's rich oil resources and enormous financial investments. He will be able to open up an alternative route to the waters of the Gulf, bypassing the Shatt-al-Arab waterway and rendering irrelevant the vexed question of whether it should be controlled by Iran or Iraq.

The remaining states of the peninsula, including Saudi Arabia, will be far too scared to offend him, and their foreign and economic (including oil) policies will increasingly fall under Saddam's control. He will probably stop short of an open challenge to his old enemy, President Assad of Syria, for fear of direct embroilment with Israel, and he may take a conciliatory line with Egypt, Jordan, and others in the hope of averting the build-up of Arab opposition. But it would be a great mistake to underestimate his ambition to lead the Arab world.

Is there anything that can be done to oblige Iraq to withdraw from Kuwait and reinstall the legitimate government, and thereafter to desist from further bullying? It is difficult to imagine military action being taken, whether by the Arab states, one or more of the great powers, or the United Nations. The world of 1990 is far removed from the world of 1945, in which the victorious allies could overawe potential aggressors. The garrulous transfer of military equipment and technology from the industrialised world means that many Middle Eastern countries have more front-line tanks and combat aircraft in their inventories than even countries such as Britain and France: more, that is, than any country except the two superpowers. Even the United States and/or the Soviet Union could have to think many times

before risking what might turn out to be a full-scale war with Iraq, with incalculable consequences for the region. No Arab combination is likely to take on Saddam Hussein, and the thought of the United Nations military enforcement (as opposed to peace-keeping) machine being cranked up after 45 years unused on the shelf boggles the mind.

There is no question that there

has been aggression; condemnation has been universal and the security council has called for Iraqi withdrawal. There is no prima facie reason why, in the present international atmosphere, there should not be a unanimous resolution imposing mandatory sanctions on Iraq. The likelihood of any important trading country refusing to participate or of cheating is less than on previous occasions. Iraq is deeply in debt and in need of cash and credit for development and reconstruction after eight years of war. If the Iraqis could not export their oil, trade with and obtain credit from the outside world or purchase the equipment necessary to keep the military machine in good shape – that is, if Iraq were isolated economically as well as diplomatically – the regime might well have to abandon its aggressive policies.

If it comes to an international call for sanctions, all will depend on the Arab world. If the Arab nations stand firm against Iraq, economic measures could work. If they waver, Saddam Hussein's chances of getting away with aggression will be good.

Douglas Hurd, foreign secretary, replies to criticism by Bernard Levin in *The Times*

## Why silence will not help Hong Kong

**T**hirty-five years ago, when I was a young diplomat in Peking, we watched the slow collapse of the American effort to isolate communist China from the Western world. I did not suppose that we should see that policy solemnly advocated again in my working lifetime. It does not fit either Western or British interests, or the interests of the Chinese people. It is manifestly absurd.

We cannot forget the events in Tienanmen Square in June 1989. The European Community, the West as a whole, and Japan were right to take the measures they did in reaction to those events. Francis Maude was right to remind the Chinese on his recent visit that the steps they have taken towards respecting human rights are limited, and that further steps are needed if we are to get back on to the path of steadily improved Chinese dealings with the West that seemed hopeful before 1989.

I feel certain that China will change, not perhaps without further setbacks. But over the years the movement towards economic liberalisation will be followed by greater respect for political freedom. It must be right to encourage that change by contacts with China. The pace at which we build

these contacts must depend on what happens in China. There should be no pell-mell rush, and no attempt to obliterate the memories of Tienanmen Square. But President Bush is right not to imitate the attempt of John Foster Dulles to isolate China; and we are right to continue the policy of building contacts which we have followed steadily for 40 years.

Of course Britain has a particular justification for keeping in touch. We have to prepare for the day in 1997 when Hong Kong returns to China, and to do so responsibly. Because of this I had the total understanding of my EC colleagues when I told them that Mr Maude was going to Peking. There was no question of breaching an agreed EC line. It had always been accepted that there were particular reasons why Britain (and indeed Portugal because of Macao) should need from time to time to send a minister to Peking. In Hong Kong too that need is recognised. The comments from Hong Kong which reach the British media tend to be of the noisier kind. There is a widespread but quieter welcome in Hong Kong for the fact that we are, by frequent discussion with Peking, taking seriously our

responsibilities under the Sino-British Joint Declaration of 1984. The idea that we would in some way be helping Hong Kong if we were to cut ourselves off from China does not survive a minute's serious examination.

What form should and do these discussions with Peking take?

Obviously they do not consist in finding out what the Chinese want us to do and then doing it; the charge of kowtowing may be irresistible to journalists, but it does not fit the facts. If that had been our policy we would not be moving to the direct democratic election next year of 18 seats in the Hong Kong Legislative Council. If that had been our policy we would obviously have dropped the Nationality Bill as soon as from the Chinese criticised it. If that had not been our policy Hong Kong would not have given first asylum to the boat people; and there would be no Bill of Rights.

But we do not treat Hong Kong as if its future could be separated from the future of China. That would be self-indulgent and shortsighted. We will not help the people of Hong Kong by refusing to have anything to do with China's leaders. At bottom we and the Chinese have similar interests

This will not be a simple task for British policy over the next several years. It would, of course, be easier in one way to change to a policy of striking attitudes. But we cannot tow Hong Kong into the Pacific and start again regardless of China, and it is no use pretending we could. In another way it would be easier to avoid all argument with China and treat Hong Kong as if its destiny was to become just another Chinese province like the others. But that is not what the agreement says and not what Hong Kong needs.

Our responsibility is to help prepare Hong Kong and China for a genuine "one country, two systems". It will mean much patient and often quiet persuasion, and difficult decisions in Hong Kong itself. But we have made reasonable progress in recent months, and the situation is a good deal calmer than it was. The combination of British administration and Chinese capitalism remains a potent mixture, and provided we hold steady against the various buffets which will come our way it is reasonable to hope that the prospect set out in the joint declaration will become reality. This is the best available prospect.

the appeal, Kathy McGrath.

"The first time we met he hit me over the head with a 6ft Cromwellian pike," says McGrath sweetly. "It knocked me out cold." When Tolstoy delivered the blow, McGrath was a footsoldier in a mock army of Royalists doing battle with Roundheads in the Worcestershire countryside. Only when the Russian historian, a colonel in the Cavaliers' army, pulled his unconscious victim from the battlefield did he discover it was a woman. "He assumed I was a man. It's hard to tell the difference when you are in battle gear. I wouldn't have minded, but we were supposed to be on the same side," says McGrath.

### First steps

**M**ore than a hundred of the Soviet army's crack troops are preparing to invade Britain next month, but armed only with musical instruments. "They won't have snow on their boots and they will not be marching up the high street," says a spokesman for the Red Rocket Ensemble (called that because they man missile defences outside Moscow). The ensemble includes a platoon of women and comes with a selection of Cossack and dances, rousing Russian songs and traditional dances performed with a balalaika.

They will sing mostly in Russian, but there will be one or two songs in English. Apparently some of the morale-boosting tunes sung by British troops in the two world wars are popular with Muscovites. Perhaps they are already clearing their throats for a rousing rendition of "It's a long way to Tipperary".



for a three-piece suit made of unwoven materials such as straw, which covers the cow's head, back and stomach. "Cows produce less milk and lose their appetites when exposed to hot sun," says a university source, doubtless with an eye on the heating planet.

### Short measure

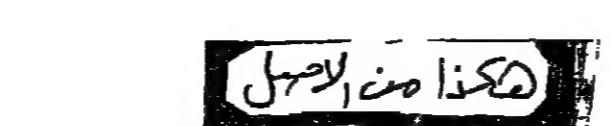
**N**either the home secretary, David Waddington, nor the Chancellor, John Major, has so far succumbed to the heatwave and turned up for work wearing shorts, but large numbers of their normally sober-suited civil servants have abandoned their furled umbrellas and worsted trousers in favour of above-the-knee pants.

"Yes, there are one or two here in shorts," says a spokesman at the Treasury. The Home Office also reported sightings of exposed male knees. And at the health department, the number of male employees wearing shorts outnumbered the women. Virginia Bottomley, the duty minister, has yet to follow the example of her staff. "The minister is sensibly dressed for the weather, but not in shorts," says one of her aides.

### Out for the count

**F**riends of Count Nikolai Tolstoy gathered in London last night to launch an appeal to raise money for his family. It was a chance for Tolstoy, hard-pressed since losing a libel action to Lord Aldington, to make amends to the secretary of

sensitive eyes not only from the harsh rays but from troublesome insects and bovine diseases. They have been tested on Japanese cows and observers are convinced that the cow with sunglasses is more content and likely to produce more milk. The glasses are designed to match Sakura's model





# If you want to be a success, watch my lips

Public speaking is an art we can all learn, provided we look as if we are enjoying ourselves and know when to stop

THE five executives sitting around the conference table were there to wrestle with the one element of their working lives which caused them sleepless nights and over which they felt they had no control.

The marketing co-ordinator for a famous perfume house summed it up when she said: "I want to be able to get up in front of a sales conference without feeling as if I can't breath and my heart is beating so loud I can't speak."

The three men and two women had joined a two-day course to learn to speak in public. All highly successful in their individual professions they felt that this was the one part of the job which they were unable to handle. While each thought their problem was agonisingly unique, to Cristina Stuart, the 48-year-old managing director of Speakeasy Training, they were typical of the thousands of business and professional men and women she trains each year.

She finds that most people believe that public speaking is a natural talent. "In fact like so many management skills, it has to be taught," she says, "and a lot of people's jobs depend on how well they can put themselves across."

For most people, nerves are the main stumbling block. Mrs Stuart teaches them how to breath to relax and tells them "concentrate on your anxiety, recognise what the symptoms are and watch it go up and down. The more you concentrate on it, the more you'll be able to live with it."

Working on the accepted estimate that words count for only 7 per cent of the speaker's effect on an audience while voice counts for 38 per cent and appearance for 55 per cent, Mrs Stuart emphasises

the importance of body language – provided it is natural.

"Do anything you like with your hands but don't have them in the same place the whole time. Look pleasant – people like looking at someone who appears to be enjoying themselves, audiences don't want you to fail."

Mrs Stuart became involved in public speaking after attending a weekend course "which taught me that I was better than I thought and that I liked doing it". She started off teaching women in what proved to be the mistaken belief "that women lacked confidence more than men". Her in-house clients now include IBM, the National Health Service, Saatchi and Saatchi, British Petroleum and BAT Industries. She has taught solicitors, accountants, bank managers and hair-stylists who wanted to learn how to do a running commentary while giving a demonstration.

HER two-day public courses cost £485 per person, with never more than five people to a trainer. Her one-to-one clients have included several MPs anxious to appear more credible while being interviewed. She would love to "get Margaret Thatcher back to her normal voice, whatever it was" and teach Neil Kinnock the value of the full stop".

She videos her clients' efforts and then insists that they look for the positive aspects of their performances. "I don't believe anyone can't be a better speaker," she says. She believes in meticulous preparation. This includes discovering as much as possible about the audience and being clear about the objective of the exercise. "Only select two or three ideas and think about recapping. People don't listen very well and miss out on some of the things you're saying. Capture your audience at the beginning and end with a bang: a short, strong conclusion. Stopping is often the most difficult thing. And practice. One practice out loud is worth five silent mental rehearsals."

SALLY BROMPTON

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Speaking for herself: Cristina Stuart in action

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LET IT THROUGH  
THE TIMES

At Scotland Yard just 16 investigators in the obscene publications squad struggle to contain Britain's rising tide of child pornography and protect its victims.

Alan Franks meets their mild chief

Of all the pornography, hard, soft, printed or on film, which filters the headquarters of the obscene publications squad at Scotland Yard, there is one item which is oddly more menacing than the rest. It is not a video, nor a sexually explicit picture; it is a photograph album with an innocent floral cover containing snapshots of pre-adolescent boys with open faces and trusting smiles.

Some of the photographs date back to the 1950s, freezing the subjects into eternal boyhood for the owner's enjoyment. The owner, meanwhile, is serving a prison sentence for aiding and abetting a sexual assault on a boy. He is a retired schoolteacher, who also turned his hand to recording sexual abuse on video.

More than all the other images of perverted desire, it is this album which, with its apparent harmlessness, comes closest to drawing the contempt of the squad's chief, Supt Michael Haines. The loss of that album, he observes, probably hurt the offender more than the loss of liberty, for it was carefully compiled over decades.

Mr Haines is a normally mild man with a matter-of-fact diplomatic about his area of crime. He is married to Jacqui Haines, who presents BBC's *Crimestoppers* programme, and has two grown-up children from his previous marriage. "In terms of serious crime," he says, "slowly and with careful weight, "I judge child abuse to be just below murder and rape. If the child abuse is accompanied by rape... then obviously the crime goes up a little more."

This is an important and sensitive time for the squad, officially known as TO 13: started in the early 1970s, it increased its numbers by six at the start of the year when Mr Haines took charge, bringing the total of investigators to 16.

The priorities of the unit are to protect potential victims of child pornography, and to enforce such legal prohibitions as exist on "sadistic and bizarre material". The addition of the six is a significant expansion for a squad which has always believed it is only scratching at the surface of the "hidden crime". In 1985 the number of key investigations into child pornography carried out by TO 13 was just five; two years later it had risen to 37; last year Scotland Yard carried out 89 warrants under the Obscene Publications Act, and 32 under the Protection of Children Act.

The terrible irony is that even as it broadens its net, the squad uncovers more startling indications of the enormity of its task. Given that TO 13 has on file more than 3,000 names of known or

which surround abuse. While the killing of children may be the ultimate obscenity, we must not be drawn away from the broader question, namely the persistent long-term abuse both within and outside the family."

There is a further difficulty, so thorny that it carries the risk of being compounded by the very fact of its discussion. Child pornography in the UK is almost invariably made by the abusers themselves, for their own titillation and, through an underground network of exchange, the gratification of others. Broadcasts and newspaper cuttings, however damning, are themselves enlisted into the body of erotica simply through addressing the questions. No matter how restrained the tone, Mr Haines maintains, someone somewhere will cut out the articles and read them out to a like-minded person.

Then there is the stigma of voyeurism, and the easy suspicion that some of those working in the field of child abuse may be involved for the wrong reasons. While Mr Haines is speaking, a sudden noise like a small rugby roar can be heard from the next room, where a group of PCs and WPCs from west London are watching a seized video and being instructed on the obscenity laws. But as Mr Haines is quick to point out, it is more likely to be the sound of embarrassment than of ribaldry. The young instructor gets



Supt Michael Haines: "In terms of serious crime, I judge child abuse to be just below murder and rape"

on with the talk, stopping the film from time to time, and commenting with perfect flatness. This has all the sexual allure of a car maintenance course.

As far as "snuff" movies are concerned, Mr Haines says emphatically that his squad has seen none in the UK. "If they do exist," he adds, "they would not be on general display. After all, if you made a video of a murder in which you were involved, you would be putting yourself at terrible risk. If they were to be passed around, they would be natural blackmail material."

Yet while TO 13 attempts to get the measure of the problems, the problems themselves move up a gear. "It is not necessarily that there is more pornography about," says Mr Haines, "rather that the content of it is escalating, becoming harder, more vicious, more full of torture." And advances in photography since the 1960s mean a much more sophisticated product is available.

He picks up a copy of a lurid adult magazine called *Black Masters, White Slaves*, full of bondage and joyless faces. "Two juries have found this not to be obscene in the meaning of the 1959 Act. If this is not obscene, what is? Yet strictly speaking, this could be on

display in the local newsagent. But the juries are the arbiter: the public determines the standard. If someone goes and buys that, he might fantasise over it. But what is to stop him turning that fantasy into reality?"

Does he not accept anything of the "safety valve" argument, which has it that the existence of pornography deflects sexual rapacity away from human targets, and that this holds true for child porn as well as for adult?

**B**y way of an answer he turns unashamedly again to the US where, he says, research is carried out on the scale which the problem merits. "It has been shown that the vast majority of murderers, serial rapists and child molesters have pornography. If you listen to the tape of the murderer Ted Bundy on the eve of his electrocution, he speaks about the role which pornography had played in the crimes he committed. He said it was central."

Despite the obstacles, TO 13 has also had its breaks. In 1988, when the suitcase of a paedophile travelling via Gatwick was accidentally sent to Heathrow, it was searched and found to contain pornographic videos. More importantly,

it set off a train of clues from Walsall and Andover to The Netherlands and Belgium, and led to a number of arrests and successful prosecutions. "I do not know what knock-on effect this had on the abusers and the makers of material, but I can say that we rescued victims, or potential victims."

The thing I am anxious to do now is to try to conduct a debate about pornography and child sex abuse in as reasonable and balanced a way as possible, while acknowledging that sex and everything related to it is the staple diet of the tabloid press." Next week he will contribute to this debate when he addresses the fourth international conference on incest and related problems at Northwick Park Hospital in Middlesex.

"Until the Cleveland affair," he says, "people either could not or did not want to imagine that child abuse took place on such a scale. It is such an awful subject, and we stay away from it."

"Perhaps the worst of all pornography's effects is to make us worry as parents about our own relationship with our children. It might be perfectly healthy, yet we find ourselves wondering whether we are doing something deeply and fundamentally wrong."

## Divine intervention

Is there any logical explanation for the successes claimed by water diviners?

AS THE aquifers of old England dry up and pictures of the cracked beds of reservoirs fill our television screens, a retired businessman from Clackmannanshire in central Scotland is offering his services as a water diviner to five English water authorities.

Michael Cranfield, aged 66, of East Burnside, Dollar, has stepped forward because, he says: "It's been on the box, all of them running out of water, and they don't know what to do. I don't want to travel much, but if I can help..."

Mr Cranfield, who has been dowsing for 53 years, recently discovered a 2,000-gallons-a-day supply on the Buccleuch estate, and last year he pinpointed a hilltop well on an avocado farm in Natal, South Africa, where he was holidaying with cousins of his wife. "I had told my wife I wasn't taking any work with me, but I slipped three twigs into my briefcase," he confesses.

The Borthwick Quarry in Midlothian was suffering a shortage of water for processing a year ago, and attempts to dig wells had proved unsuccessful. Chris Cole, the general manager of Lothian Sand, says: "We were faced with possibly closing the quarry and



Water cure: an early dowsing

made 52 dowsing visits, and found water on 51 occasions.

There are no foolproof, scientific techniques for pinpointing water in the ground, according to Dick Monkhouse of the Institute of Hydrology in Wallingford, Oxfordshire. Instruments are able to record a rock formation's electrical resistivity, a measure to some extent of the water content, but these give little indication of how plentiful or how easily the water can be extracted.

Instead water scientists use historical data taken from existing wells, borehole tests and general geological principles to determine if land will yield water of sufficient quantity for a worthwhile period of time.

The institute has compared the success rate of claims of water diviners with random drilling trials in certain kinds of rock formation, finding little difference between the two approaches. "It suggests that in some areas water diviners may be kidding themselves," Mr Monkhouse says.

Mr Cranfield says that concentration is the key to successful dowsing. "At the turn of the century every farm had a hedge, a ditcher, and a dowsing – it was one of the farm-skills which has gradually faded out of sight."

On a normal visit he charges around 45p a mile, hardly exorbitant. "I suppose I could charge the earth, but I don't really like to," he says.

ALASTAIR ROBERTSON

© Times Newspapers Ltd 1990

Barbara Amiel is on holiday

PETER TREVOR

# A field test on the royal acres

As the Prince of Wales takes his organic produce to market, William Greaves picks up some grains of wisdom at Highgrove

**T**o the untutored eye they were weeds. To David Landale each had a name, to be spoken with pride. From time to time the chief executive of the Duchy of Cornwall would stoop down to identify a clump which caught his eye. "That's knotgrass and down there, look, is field pansy and then there's wild parsnip, fennel, fat hen, speedwell, chickweed..."

It could have been an educational trail through some wild, overgrown sanctuary dedicated to the whims of nature. Except that this was a highly prized field of wheat in the estate of the Prince of Wales's Gloucestershire home, which any day now would be harvested to produce next year's stock of Highgrove

stoneground wholemeal bread — the 39p loaf with the royal pedigree which made its much trumpeted debut in some Tesco stores last week.

And Mr Landale is the first to admit that all those weeds would break the heart of any conventional arable farmer. Even the poppies, which injected a glorious red haze into the fluttering sea of golden ears, would have ruined any chance that modern yeoman would have had of getting a decent night's sleep.

But the heir to the throne is dedicated to the cause of organic farming and his chief executive clearly shares his enthusiasm for a return to the chemical-free agricultural days of old. And if that means a yield of no more than one and a half tons of wheat to the acre, then that is the price which has to be paid for an environmental conscience.

"An East Anglian farmer growing wheat or barley is highly disappointed if he hasn't made four tons to the acre," said Mr Landale, striding between adjacent plots of wheat and oats at Westomber, one of the four home farms around Tetbury which make up the Highgrove estate.

"To do that he needs a very large amount of imported fertiliser and also to have sprayed that crop a minimum of eight times with a combination of pesticides and herbicides. So when you looked at that field there wouldn't have been a single foreign body, either plant or insect, which could have survived."

Highgrove has 30 acres of wheat, 26 acres of oats and 51 acres of grassland which are totally organic, while another 160 acres are in the throes of conversion. The entire 900 acres will qualify for the Soil Association symbol by the harvest of 1993. Mr Landale is insistent, however, that neither he nor the Prince has taken leave of his commercial sanity.

Indeed, if the Tesco year run is successful, the Duchy not only hopes that it might be the forerunner of a range of "environmentally-conscious" products — such as its own organic milk, beef and lamb — but also hopes that other farmers will follow its initiative by forming themselves into co-operatives and selling directly into the marketplace.

"The greatest difficulties are experienced during the conversion period," Mr Landale said. "To qualify for the Soil Association symbol the land must be entirely free from artificial fertilizers for two years, during which time there is no compensation for the reduc-



Back to the roots: David Landale surveys a crop of wheat grown by traditional methods on the royal estates at Highgrove, in Gloucestershire

tion in yield. But when you have that symbol, your wheat, for instance, can be sold for something like £250 a ton, compared with the standard price of around £118 a ton. And the price of growing it is cheaper, too. For a standard commercial crop the input, including fertilizers and sprays, would be £90 an acre, while our costs work out at only £26 an acre."

The figures came tumbling out with practised facility. When Mr Landale is not looking after the day-to-day administration of the Duchy's 127,000 acres of land, stretching from the Isles of Scilly

to Lincolnshire, he runs his own 5,000-acre estate near Dumfries, in southwest Scotland. But is organic farming merely a refusal to accept scientific progress? Apart from the undoubtedly pleasure of walking among fields cultivated by the centuries-old science of crop-rotation and untouched by agrochemicals, is the end product any better to eat? And, if not, is it merely nostalgia which leads to the ultimate buyer paying more for the Soil Association symbol?

"I do not believe — and I'm quite prepared to stand corrected — that you are necessarily producing something which is any better, in those terms. But what you are doing is producing something which is totally free from any unnatural substance. And there are people who are prepared to pay a little bit more for food which was not produced at the expense of the environment."

If you look around you here you will see all kinds of species of other plants. Those plants are producing seeds which, in turn, are feeding whole myriads of creatures. Where I live in Scotland, although we've by no means gone in for high-intensity arable farming, the partridge has practically disappeared. I guarantee

there will be no shortage of partridge here."

It was in 1985 that the Duchy home farms at Highgrove embarked upon a controlled switch to organic farming, but the first certified crop was not produced until 1988. The following year's wheat harvest of 40 tons was sent directly to Rank Hovis McDougall's mill at Hull, one of the few in Britain to possess a Soil Association certificate, and the resultant 50g loaves finally took their bow last week.

The 23 stores selected by Tesco for the 12-week trial are mostly in the home counties and the company is adamant that it was in no

way influenced by the connection with Prince Charles. "We will be treating it in the same way as any other new product," the chairman, Sir Ian MacLaurin, says "and at the end of the test period we will sit down with the Duchy of Cornwall and discuss the lessons learned."

First signs, however, are that those lessons should not be too painful. "It is selling out in a lot of our stores and we are very pleased with the response," said a Tesco spokesman yesterday.

None the less, it took three years from the time of the decision to go organic for Highgrove to produce its first Soil Association certificated wheat crop — a period during which it ran the risk of reduced yields without the solace of receiving higher prices. Could other farmers be expected to undertake such a gamble?

**M**r Landale said: "When we are converting we always start with two years of a mixture of clover and grass which has actually given us quite a good yield of forage — not much less, in fact, than when we used artificial fertiliser. That was one of our greatest worries, but we need the forage for our livestock anyway, and it came as a great relief to discover that we didn't suffer too greatly during that time."

"But the Prince of Wales is quite clear. He does not expect anyone to be forced into following him, or to feel themselves obliged to do so. He is giving a lead. And he is particularly keen to encourage farmers to improve their profits by cutting out the middle man. After all, Tesco's, Sainsbury's, Safeway's and the other big supermarket chains are the real world and, if we are successful, there is no reason why, say, Scottish beef or smoked salmon producers could not get together and follow suit. Of course, it is not certain whether there will always be a price premium for organic produce, but at the moment there is an enormous demand — and far too much of it is being met from overseas."

Despite a heaven-sent shower or two of rain, Mr Landale would not have been human — and certainly not a farmer — if he did not sign off with a groan about the weather. "We have a shortage of grass for our livestock and a shortage of water for filling the grains," he said.

But even a drought could not wither his optimism entirely. "Cows are always happy on little grass if they've got the sun on their backs," he said. "It was an appropriate note on which to say goodbye to a dedicated natural farmer."

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ROCK: INTERVIEW

# As the spirit moves them

Rose Rouse meets the Neville Brothers, first family of contemporary New Orleans music

**F**our brothers from New Orleans formed a new band in 1977. But it sometimes seems that the Neville Brothers have been purveying their uniquely eclectic party-mix of Mardi Gras music, rhythm 'n' blues, funk, reggae and soul as long as anyone can remember. The beret-wearing saxophonist, Charles Neville, remembers appearing on a New Orleans campus, when a student ran up and exclaimed: "You played when my father was here." Longevity is a fundamental part of the Neville Brothers experience.

Aaron Neville, his quivering fragile soul voice framed by incongruous bulk, was responsible for the 1966 hit ballad "Tell It Like It Is". Art Neville was a founder member of those doyens of New Orleans funk, the Meters. Charles Neville has accompanied many an avant-garde jazz ensemble, as well as B.B. King, and the youngster Cyril Neville (aged 42) still plays with his own reggae band, the Uptown All-Stars. So that longevity runs parallel with musical diversity.

The Neville Brothers are steeped in New Orleans party culture. Their uncle was Mardi Gras Indian and they perform at every jazz festival and Mardi Gras. Indeed, for many years they seemed unable to escape from their home city's fiercely proud parochialism.

Although always compelling in performance, they were ill-served by most of their recordings. Such were the fashion-conscious vagaries of producers and record companies that the Neville Brothers managed to produce a bland, post-Travolta disco-boom album



Fragile voice, bulky frame: Aaron Neville has been a noted singer since the mid-1960s

Voodoo is closely associated with New Orleans — as a tourist attraction, of course, but also as part of the cultural heritage. The Neville Brothers are connected with this ancient form of witchcraft. "The really danceable rhythms are derived from voodoo rhythms," says Neville. "They come from the original Yoruba dance ceremony that was transplanted to the Caribbean and then down to New Orleans."

Working once more from Daniel Lanois's home-based studio

(but he has moved since they recorded *Yellow Moon*) in New Orleans, the Neville Brothers have recorded a new album, *My Brother's Keeper* (reviewed below). Charles maintains that a major thread running through the songs is spiritual communication. Oddly, though, the brothers adhere to different religions. Aaron is a Catholic, Cyril is a rastafarian and Charles is more of a spiritual wanderer. "All of us realise the different names stand for the same thing," says Charles Neville.

"What rascals call Jah, Muslims call Allah and Christians call Jesus, is the same entity. The spiritual element in each of us is really what connects us."

Long years of adversity — little success, spells in prison and drug addiction — forced the Neville Brothers to survive on their own faith in their music. "We were considered desperados," says Charles. "For some years, we lived desperate lives but we kept our focus on the music." Self-belief has paid off at last.

## CRITICS' CHOICE: ROCK, JAZZ AND WORLD MUSIC

ROCK

**BIG COUNTRY:** Big Country ended the Eighties in decline but, thanks to the timely release of a greatest hits compilation, *Through a Big Country*, a shaky condition has been stabilised. Their romantic themes and galloping anthems still hold powerful sway over a live audience.

International 2, 210 Plymouth Grove, Manchester (051 273 8834) tomorrow, 8pm, £10. St Davids Hall, The Hayes, Cardiff (0222 371 236) Sun, 7.30pm, £8-£10. Dome, Doncaster Leisure Park, Bawtry Road (0302 370 988) Tues, 7.30pm, £9. Corn Exchange, Wheeler Street, Cambridge (0223 357 851) Wed, 7.30pm, £10.

**ENERGY PART II:** Rave follow-up to "ENERGY, The Live Dance Concept" which attracted 11,000 people to London Arena last April. This one is headlined by the Rebel MC and features live performances from D. Shake, LFO, West Barn, Together, Mr Monday, Kicking Back With The Taxman, and BBG, along with many DJs, Dance platforms, but strictly no seating, as the senses are dealt a six-hour purrmeiling by lasers, lightsounds, projections and an 85,000-watt sound system.

London Arena, Limehouse, E14 (071-538 1212) tomorrow, doors 3.30pm-11pm, £19-£21.

**THE WONDER STUFF:** Scruffy anti-heroes from Stourbridge, Worcestershire, who combine high-octane psychedelia with a dance-floor beat and a wacky fusion of Black-Country rockabilly. The group has found a place in the nation's charts and hearts with such unforgettable songs as "It's Your Money I'm After Baby" as well as their improbably successful album, *Hup*.

Barrowlands, 244 Gallowgate, Glasgow (041 226 4679) Wed, 7.30pm, £2.

**BOBBY WELLINS:** Relaxed all-purpose bop saxophonist, leading a quintet featuring Jez Hall (tenor sax), Nikki Iles (keyboards), Gary Cusick (bass) and Tony Faulkner (drums). Man's Foyer, Haymarket Theatre, Belgrave Gate, Leicester (0533 439797) Tue, 9.45pm, £3.

**PIZZA ON THE PARK:** Joe Francis, singer with the New Glenn Miller Orchestra, performs tonight. On Sunday, hip vocalist Jackson Stone plays a one-night stand with the Mark Fitzgibbon Trio, while from Monday, Jeanne Lamb and the Danny Moss Quartet take over for six nights. *Pizza On The Park*, 11 Knightsbridge, London SW1 (071 235 5273) nightly, 9.15pm & 11.15pm, £10.

CLIVE DAVIS

## WORLD MUSIC

**ISLAND TO ISLAND:** Last two nights of the most extensive festival of Balinese and Javanese music, dance and theatre to be held in this country (see review, page 16). Tonight is Javanese night, tomorrow night Balinese, with a finale of an all-night performance of the Javanese Wayang Kulit puppet theatre.

South Bank Centre, London, SE1 (071-928 8800). Tonight and tomorrow, seats £4-£12.

**HASSE WALLI:** Senegalese mbala group currently based in Finland. Bass Clef, Coronet Street, London, N1 (0171-729 2476). Tomorrow, 8.30pm, £6.50.

**RUMILAJA:** Bolivian band specialising in Andean panpipe music, as well as arrangements of music by Latin American composers.

Ronnie Scott's, Frith Street, London, W1 (071 439 0747) Sun, 8pm, £6.

**JIMMY KATUMBA AND THE EBONYS:** Entertaining Ugandan group that combines traditional dances with church choir influences and soulous guitars.

Civic Hall, Totnes, Devon (0803 883073) Wed, 8pm, £3.50.

**APIA AND LETURIA:** Basque melodion and tambourine duo from Euskadi, sharing the bill with vocalist Amaia Zubia.

Willesden Green Library Centre, High Road, London, NW10 (081 451 0294). Tonight, 8.30pm, £4.

**T.V. GOPALAKRISHNAN:** Vocalist from Madras who originally studied percussion but now sings in both Carnatic and Hindustani styles.

Bhavan Centre, Castle Town Road, London, W4 (071 381 3089). Tomorrow, 7pm-£3.50-£7.50.

DAVID TOOP

## JAZZ

**ONE MAN AND HIS SAX:** The John Harle Band plays arrangements of pieces by Ellington, Chick Corea, Michael Nyman, Ravel and Bartok, among others.

British Telecom Matting Proms, Shape Matting, Aldeburgh (0800 585789) tonight, 7.30pm, £22-£35-£50.

**IRAKERE:** Always a crowd-puller, Chucho Valdez's sizzling Afro/Latin band is in residence for the rest of the

ONE MAN AND HIS SAX

DAVID SINCLAIR



## TELEVISION &amp; RADIO

COMPILED BY PETER DEAR AND MERLE ADAM  
\*TELEVISION CHOICE PETER WAYMARK/RADIO CHOICE PETER DAVILLE

## BBC 1



**6.00** *Ceefax*  
**6.30** BBC Breakfast News with Laurie Mayer and Jill Dando 8.55 Regional news and weather  
**9.00** News and weather  
**9.05** Children's BBC beginning with *Beltway* and *Sebastian* (r) 9.25 *Hartbeat*. Inventive and original approach to art with Tony Hart and Margo Wilson (r). (Ceefax)  
**10.00** News and weather followed by *Double Dare* (r) 10.30 *Playdays* (r)  
**10.55** Five to Eleven, Children from Halesowen Middle School, Sutton Coldfield, present a selection of their award-winning poetry  
**11.00** News and weather followed by *Our House*, American family drama series 11.55 *The O Zone*. Music news and a chance to vote for your favourite video  
**12.00** News and weather followed by *The Garden Party*, *St Alastair Burnett* and *Andrew Morton* preview the Queen Mother's 90th birthday, the *Bolshevist* brings glasnost to Glasgow and the biggest kite festival of the year gets off the ground 12.55 Regional news and weather  
**1.00** *One O'Clock News* with Philip Hayton. Weather 1.30 *Midnights*. *Dinner from Down Under*, (Ceefax)  
**1.50** Film: *The Train* (1984, b/w). Connoisseurs of "true" movies will put the one very high, up with *Kasaton's* *The General* and *Le Bete Humaine*. Shot in black and white, which brings out far better than colour the texture of steam and steel, John Frankenheimer's film is a railway buff's delight, even when he stages a spectacular crash which apparently owes nothing to model shots. The

## 6.30 Regional News Magazines.

**7.00** *Wogan* with Jonathan Ross. The guests are New York Post/ gossip columnist Cindy Adams, Rita Rudner, Jack Dee and, with a song, *Dave Stewart*  
**7.30** Film: *Tarzan in Manhattan* (1989) Four male models Joe Lenz plays the ape man in a made-for-television yarn in which Tarzan travels to the concrete jungle of New York to rescue his chimp companion, Cheetah. Jane appears as a Brooklyn cabby and there is a part for veteran Tony Curtis. Directed by Michael Shultz. (Ceefax)  
**9.00** *One O'Clock News* with Mervyn Johns. Regional news and weather  
**9.30** The Families Club: Up Jumped a Swagman. Leslie Grantham and Don Henderson at the rough diamond Kane brothers, still haunted by Ma Kane's ghost (r). (Ceefax)  
**10.20** *Omibus* at the Proms. Lesley Garrett of the English National Opera meets the brilliant young American violinist Joshua Bell as he makes his Proms debut performing Beethoven's violin concerto in D major.  
**11.15** Film: *Into the Night* (1985). Likeable comedy thriller about a betrayed husband (Jeff Goldblum) who leaves his failed marriage and walks into the arms of a young woman (Michelle Pfeiffer) running away from hired assassins. Director John Landis awards him a cameo role and also finds bit parts for fellow directors *Don Segel*, *Jonathan Demme* and *Lawrence Kasdan* and others. Wales: *Motor Rallying* 11.40 Film: *Into the Night*  
**1.05am** *Weather*, Wales: 1.30 *News and weather*

## BBC 2

**6.45** Open University: *DNA – the Spice of Life*. Ends at 7.10  
**8.00** *Mastermind* 1986. The fourth annual introduced by Magnus Magnusson (r)  
**9.30** Film: *Pop Always Pays* (1984, b/w) starring Len Cariou, Dennis O'Keefe and Adele Pearce. Patchy RKO comedy about a bride's father who promises the groom \$1,000 if he can save the same amount. Father is confident he won't have to pay out – until the date draws near. Directed by Leslie Goodwin.  
**10.35** Film: *Boom Town* (1940, b/w). Clark Gable and Spencer Tracy star in a raffish yarn about two friends, prospectors for black gold, who fall in love with Claudette Colbert and Hedy Lamarr and strike oil in the process. Directed by Jack Conway.  
**12.30** Town Portraits. John Grundy visits Richmond in North Yorkshire and discovers some early examples of Georgian, or "Strawberry Hill", Gothic architecture. The town also boasts a splendidly preserved Norman castle.  
**12.40** World Equestrian Games. Highlights from yesterday's showjumping competition in Stockholm (r)  
**1.20** *Greenlawns*. Young children's entertainment (r)  
**1.35** Glass. How coloured glass was developed and its use in stained glass windows (r)  
**2.00** News and weather followed by *Weekend Outlook*. A preview of the weekend's Open University programmes (r) 2.05 *Friday Outings*. Anne Gregg travels to the sun in Provence (r)

## RADIO 1

**7.00am** *PM Stereo* and *MW*  
**8.00am** *Jakki Brambles* 8.30 *Simon Mayo* 9.00 *Simon Bates* 11.00 *The Radio 1 Roadshow* 12.00 *Newsbeat* 12.45 *Gay Davies* 3.00 *Steve Wright in the Afternoon* 4.00 *News* 5.00 *Pauline Tabor* 7.30 *7.30am* *John Dyer* 8.00 *Breakfast* 10.00 *The Friday Rock Show* 12.00-2.00am *The Ranking Mass P*

## RADIO 2

**7.00am** *PM Stereo*  
**7.30am** *Alastair Little* 5.30 *Chris Stuart* 7.30 *Dawn Johnson* 9.30 *Just Chirpems* 11.00 *Jimmy Young* 1.30 *Paul David Jacobs* 2.00 *Glenda's Handful* 4.00 *Millennium* 5.00 *John Dunn* 7.00 *Journal* 8.00 *News* 8.30 *Breakfast* 9.00 *Midnight News* 10.00 *Evening News* 10.30 *Radio 2 Arts Programme* 11.00 *Sammy Davis Jr* 12.00 *Acers* 1.00 *With Acker Bilk* 1.00-4.00 *Gold Ovary with Negghead* 5.00 *MW* 6.00 *Labour Report* 2.20-3.20pm *Goodwood Racing Special* 2.30 *Motorola Stakes* 3.10 *Leslie and Gudrun Spiffie Stakes* 8.45-7.00pm *Sport and Classified* 8.00 *News*

## WORLD SERVICE

**All Weeks in BST**  
**6.00am** *News* 6.05 24 Hours 5.30 *London*  
**5.45am** *Weather* 6.00 *News* 6.05 *London*  
**6.00am** *News* 6.05 24 Hours 5.30 *News*  
**6.30am** *Weather* 6.00 *News* 6.05 *London*  
**Wrong** 9.00 *News* 9.05 *Words of Faith* 9.15 *Music Review* 9.00 *News* 10.05 *Review* of the British Press 10.15 *The World Today* 10.30 *News* 10.45 *Weather* 10.45 *London*  
**7.00am** *Seven Seven 11.00 News* 11.00 *Summary* 11.01 *Focus* 11.30 *Midnight*  
**11.58am** *Travel* 12.00 *News* 12.05pm *News About Britain* 12.15 *Geography* 12.20 *Science* 12.25 *Current Affairs* 1.15 to Right 1.45 *Sports* 2.00 *News* 2.09-24 *Hours* *Summary and Financial News* 2.30 *Short Story* 2.45 *Here's* *Humble Pie* 3.00 *News* 3.05 *Science* 3.45 *Journalism* 3.45 *Centre of the Earth* 4.00 *Reversed 4.00 News* 4.05 *British* 4.15 *BBC English 4.30 Arts* 4.45 *Reversed 4.50 News* 5.00 *News About Britain* 5.15 *BBC English 5.30 Arts* 5.45 *Geography* 5.50 *Current Affairs* 6.00 *Science* 6.05 *Journalism* 6.10 *Right 6.15 Sports* 6.20 *News* 6.25 *Financial News* 6.30 *Weather* 6.35 *London*  
**11.55am** *BBC PO* under *Albert Rosen* *Perform Haydn* (Symphony No 10) *Dvorak* (Symphony No 4 in D major)  
**1.00pm** *News*  
**1.05pm** *The Farer Sex* *Dubois* (Quartet for Saxophones); *River* (Guitar and piano); *Quintet* (String and piano); *Quintet* (Percussion); *String* (Introduction et variations sur une ronde populaire) (r)  
**2.00pm** *Thomas Wilson* *The Edinburgh Concert* *Haydn* (Quartet No 3); *Mozart* (Quartet in D minor, K 421); 2.55 *Wilson Quartet* (No 4)  
**3.25pm** *Four Hands*: *John and Kathryn Lenihan* *Parma* *Performers* *String* (from Hérold's opera *Marie*); *Debussy* (Petite Suite); *Casella* (Pizzetti); *Liszt* (Grand Fantasy/Themes from Bellini's *La Sonnambula*) (r)  
**4.00pm** *News* *11.00am* *News* 11.30 *Weather* 11.30 *Reversed 11.30 News* 11.30 *Review* 11.45 *News* 11.45 *Words About Britain* 11.50 *Geography* 11.55 *Current Affairs* 12.00 *Science* 12.05 *Journalism* 12.10 *Right 12.15 Sports* 12.20 *News* 12.25 *Financial News* 12.30 *Weather* 12.35 *London*  
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# BUSINESS

FRIDAY AUGUST 3 1990

Executive Editor  
David Brewerton

## ISE bans dealings with Kuwaitis after asset freeze

### KIO notified stakes in UK companies

Company	Stake (%)
Berry Wehmiller Int'l	14.50
Bradstock Group	12.30
British Petroleum	8.84
Dalyn Packaging	8.04
Garmore Investments	5.04
Great Western Res	8.14
Hogg Group	5.73
Hugh Robinson plc	11.20
Mount Cheviot Inv	10.60
New London	10.10
Newmarket Venture Cap	3.70
Roseauh	2.00
Salibe Insurance Inv	14.33
Triplex Lloyd	8.20
Adams & Co	5.00
Dewey Warren Higgs	21.45
G T Investment	7.70
Second Market Inv Co	10.00

\* Held by Kuwait Investment Authority

By JOHN BELL, CITY EDITOR  
THE International Stock Exchange has ordered the cancellation of dealings that were completed yesterday involving the Kuwait government and its residents.

The move follows a government freeze on Kuwaiti assets in the wake of the Iraqi invasion. The ISE warned members firms not to undertake any further dealings on behalf of Kuwaitis.

The Bank of England will enforce the government's decision to freeze an estimated \$15 billion of Kuwaiti assets.

Last night, the Bank was working on detailed instructions for all British financial institutions on future dealings with Kuwaitis. The government's statutory instrument, passed under the Emergency Powers Act 1964, forbids the release of any money, gold or securities to the government or any resident of Kuwait.

The Treasury, with the Bank acting as an agent, will allow exceptions to ensure expatriate Kuwaitis still have access to their funds. Even so, the order will all but close down business at the National Bank of Kuwait and the Commercial Bank of Kuwait. Both have branches in the City. Britain's banks have also been hit by the American order freezing Kuwaiti and Iraq's assets.

All dollar clearing from London goes through the United States, so most banks completing dollar transactions for the two countries will have stopped. This happened on previous occasions when Washington froze Iran's and Libya's assets.

The freezing of Kuwait Investment Office assets is a blow to the City for the office ranked among the largest providers of fees and commissions.

However, the swift moves by the British and American governments to prevent

Iraqi seizure of Kuwait's overseas holdings come at a time when London is losing its key role in the Gulf state's investment strategy.

For years the bulk of Kuwait's surplus petrodollars were channelled into long-term assets through London. The City's expertise in international investment and Kuwait's close political-links with Britain made London a natural choice. In the mid-1970s, Britain moved to secure the sterling assets held in London by states such as Kuwait and Brunei. Their tax-exempt status as sovereign investors was formalised and secrecy assured by permitting them to deal through a Bank of England nominee company.

Like all Opec members, Kuwait generated vast oil revenue surpluses during the two oil crises at the beginning and end of the 1970s when prices soared to almost \$30 a barrel. However, unlike other Opec

producers, Kuwait made a serious effort to turn those surpluses into long-term assets rather than spend them on attempts to industrialise its deserts.

The move paid off handsomely. Kuwait has been earning half of its income from its investments, which earlier this year totalled some \$100 billion. Around two-thirds has been set aside in a reserve fund for future generations of Kuwaitis when oil reserves will have been depleted. Most of this has been managed by the KIO.

During the past 15 years the KIO has developed a reputation as a conservative, highly secretive player of the London market, taking a long-term view for the bulk of its investments, but occasionally gambling for large short-term gains. The KIO surfaced into public gaze only when necessary, such as the purchase of the St Martins property company during 1974.

St Martins has been the principal

Kuwait property vehicle. While individual Arab investors have limited their investments to the West End, St Martins has developments all over Britain and currently has projects under construction in Coventry, Swindon and Newcastle.

However, its best-known and biggest project has been the redevelopment of the 27-acre site on the south bank of the River Thames between London Bridge and Tower Bridge.

As Kuwait's investments grew larger, its operations became bolder, leading to a huge political row over the purchase of a 22 per cent stake in BP in the wake of the government sale of its remaining holding in 1987.

The sale took place after the stock market crash of 1987 and heavy Kuwaiti buying of BP stock enabled the government to avoid an expensive and highly embarrassing buy-back of its own shares.

## Dealers expect \$25 oil price on Iraqi move

By MARTIN BARROW

INTERNATIONAL oil prices surged to \$24 a barrel, a four-year high, in expectation of disruption to crude supplies from the Middle East, which accounts for 25 per cent of world production.

With Kuwaiti oil facilities shut, September Brent in London climbed almost \$4 from Wednesday's \$20.13 close as dealers took positions before what threatens to become the worst oil crisis since the 1970s. Prices later softened to \$22.70 as forward buyers took profits. In New York, the September futures contract for petrol-rich light American crude opened \$1.96 higher at \$23.50.

Petrol prices rose sharply on the Rotterdam spot market, trading just below \$300 a tonne, against an overnight price of \$263, and putting British petrol retailers under pressure. Motorists are being warned to expect an increase of between 10p and 15p within the next three days unless tension in the Gulf dissipates.

Energy analysts speculated

on further increases in oil prices, with \$25 a barrel emerging as a benchmark for the fourth quarter before the build-up of stocks in Western Europe for the winter.

"What Opec has not been able to achieve in four years, Saddam has achieved in a matter of days," said Chris Perry, an analyst at Girotronic's Gilbert Elliott.

Alan Marshall of Nomura said: "We all became complacent about the Middle East."

Although oil stocks in industrial nations have risen to about 99 days of forward supply, there are variations. Stocks in America, which is heavily dependent on Middle East oil, estimate to 27.5 days.

Mr Perry said: "People are now warning for the next move. But prices have broken new ground and it is difficult to see them dropping back from these levels."

The closure of Kuwait's oilfields has effectively stripped excess supply from the market and created an uneasy balance between supply and demand. Escalation of the

conflict in the Gulf and the possible shutdown of oilfields in Iraq would result in further increases in the price of crude.

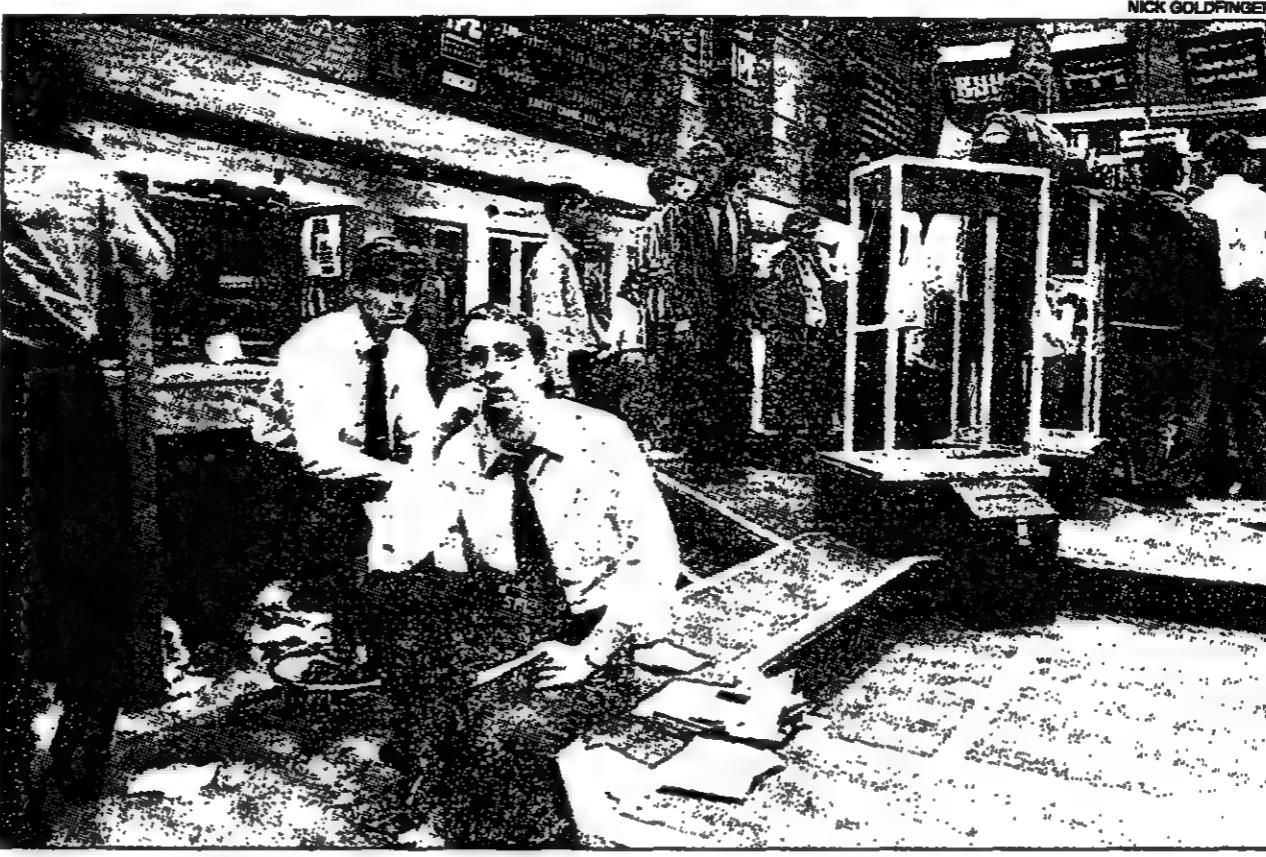
The rise in price of grade petrol in Rotterdam, with sterling's weakness against a revitalised dollar, implies another increase in the petrol price, taking the average cost of four-star to £2.24 a gallon.

Further uncertainty was caused by a 24-hour shutdown in the North Sea by oil workers protesting at safety measures on oil rigs. North Sea operators expect weeks of industrial unrest, which will affect production. North Sea output has fallen from 2 million barrels a day to 1.85 million.

Disruption in the Gulf has more severe repercussions for America and Japan, however. American imports from the Middle East: average 6 million barrels a day, about 54 per cent of its daily consumption, including 500,000 bpd from Iraq. Japan meets its needs 60 and 70 per cent of its requirements from the Middle East.

Mr Perry said: "People are now warning for the next move. But prices have broken new ground and it is difficult to see them dropping back from these levels."

Leading article, page 11



Setting a new benchmark in crude oil prices: dealers at London's International Petroleum Exchange yesterday

## Pound loses 'petro' status

By COLIN NARBROUGH, ECONOMICS CORRESPONDENT

THE dollar, "safe haven" currency, in times of unrest, was the biggest gainer on the foreign exchange markets, rising sharply, before dealers had second thoughts. Gold benefited too from its historic role as a secure store of value, but it suffered from profit-taking.

Share prices fell back. The FTSE-100 closed down 34.5 points, at 2,304.5, after Wall Street, where investors moved into gold and oil, had opened sharply lower amid fears of fresh inflationary pressure.

The dollar closed in London more than half a pence stronger against the mark at DM1.5980 and nearly three yen higher at Y150.00, reflecting fears about Japan's heavy dependency on oil imports.

Share prices fell back. The FTSE-100 closed down 34.5 points, at 2,304.5, after Wall Street, where investors moved into gold and oil, had opened sharply lower amid fears of fresh inflationary pressure.

Gold rose by \$13.25 to \$386.50 an ounce in response to Kuwaiti developments, but it suffered from profit-taking.

It gained against the pound

too, finishing nearly a half a cent lower at \$1.8498.

The pound appeared to have lost the "petro-currency" status it enjoyed due to North Sea oil. Sterling ended unchanged at 93.9 on its trade-weighted index despite a 15 per cent jump in oil prices.

Gold rose by \$13.25 to \$386.50 an ounce in response to Kuwaiti developments, but it suffered from profit-taking.

It gained against the pound

## Growth in UK export to Kuwait

By DEREK HARRIS

DIRECT involvement in the Kuwait economy by British industrial companies has declined since the days of the construction boom, but British exports to Kuwait have this year been showing signs of growth.

Despite the increases, additional war premiums during the height of the Iran/Iraq war were far higher than the latest ones.

For certain very high risk areas, premiums of up to 7.5 per cent for seven-day periods were charged on oil tankers. Additional war premiums for the Gulf ended last year with the Iran/Iraq peace settlement. Overall, Lloyd's is thought to have made a substantial loss on the Gulf shipping business written during the Iran/Iraq war.

## Midland to cut 4,000 jobs after 'unacceptable' profit

By NEIL BENNETT  
BANKING CORRESPONDENT

Midland Bank is axing 4,000 jobs and has ordered an urgent restructuring of its operations after it reported "clearly unacceptable" pre-tax profits of £36 million for the first half of the year.

Sir Kit McMahon, chairman, staked his position on achieving the job cuts and other rationalisations throughout the group by the end of next year.

"I have made a strong commitment on a firm date," he said. "I have nailed my colours to the mast."

He also confirmed the sale of Forward Trust, the leasing division, to prop up capital reserves. Forward, which has a £4.26 billion loan book and 2,000 employees, is expected to raise up to £500 million.

Midland also provided evidence that a merger with the Hongkong & Shanghai Banking Corporation is imminent. The bank has hired Brunswick, a public relations agency, because its merchant bankers have insisted on external publicity advisers during the deal.

"Good progress has been made in discussions on a closer association with Hongkong Bank and I am pleased

with what has been achieved so far," Sir Kit said.

The bank's profits were £100 million below the most pessimistic forecasts in the City, though they represented a recovery on last year's first-half losses of £531 million. These, however, were only made after an exceptional £846 million provision against Third World debts.

Before exceptional items, profits fell by three quarters to £74 million. This year there is a £36 million exceptional provision to cover the restructuring.

The problems have forced the bank to keep its interim dividend unchanged at 7.5p.

## HK merger still on the cards

From LULU YU  
IN HONG KONG

A MERGER between Midland Bank and the Hongkong & Shanghai Banking Corporation is set to go ahead despite the release of the British bank's disastrous interim results, according to financial analysts.

The Midland figures are very disappointing, but I don't think they will affect the planned merger, which is a strategic decision. It will only affect the price," said Betty Ku of ChinTung Research International.

Many analysts say a merger is vital to Hongkong Bank's survival after 1997, when the colony reverts to China. Some predict an announcement in October, two months before a pact that freezes the Hongkong Bank's stake in Midland to 14.9 per cent expires.

Recent links between the two banks, including a worldwide merger of their 3,000 cash-dispensing machines and the partial absorption of Midland's Asian operations by the Hongkong Bank, have been taken as signs that a deal is imminent.

Any merger arrangement, however, would have to satisfy the Bank of England's concerns about foreign ownership of British clearing banks.

At the offices of Akzo N.V. in Velperweg 76, P.O. Box 9300, 6800 SB Arnhem, The Netherlands

The Board of Management of Akzo N.V. announces that on August 2, 1990 the results for the 1st half year 1990 were published.

Copies of this report may be obtained from the London Paying Agents:

Barclays Bank PLC  
Stock Exchange Services Department

54 Lombard Street  
London EC3P 3AH

and

Midland Bank PLC  
International Division

Securities Services Department

110-114 Cannon Street  
London EC4N 6AA.

Industrial companies now provide their own insurance at a discount of more than 20 per cent to general insurance rates. This has turned the industry into an open-ended commodity market where high volume is needed to overcome the low margins in the business.

The sale by Fund America provides a boost to its employees, who are the major shareholders in the company.

Shearson Lehman Brothers, Fund America's adviser, is working on plans to distribute the profit on the deal among Fund America's shareholders.

The same process will be used in the liquidation of the company, which has \$1.7 billion invested in equity portfolios.

The liquidation is expected to be completed over a three- to five-year period.

A summary of the results will be presented in the August 17 issue of this paper.

Amhem, August 3, 1990

Akzo N.V., the Netherlands

## Allianz \$3bn buys US insurer

From JOHN DURIE IN NEW YORK

ALLIANZ, the West German insurance group, bought Fireman's Fund for \$3.3 billion yesterday as part of its aggressive expansion into the American market.

Fireman's was owned by a holding group, Fund America, which was established after American Express spun off the insurance group in 1985. American Express retained a \$342 million preferred shareholding in Fund America, while Fiat Group kept a \$300 million holding. The Fiat stake will be bought out as part of the Allianz takeover.

At December 31, Fireman's, a property and casualty insurance group, had assets of \$9.7 billion, net premium income of \$2.7 billion, loss adjusted reserves of \$5.7 billion and a premium balance of \$1.1 billion. Allianz has branches in America under its own

name, but the move amounts to a significant expansion of its interests. Fireman's was ranked thirteenth among general insurance companies in America at the end of last year.

The sale of Fireman's represents the first significant takeover of an American insurance group since the takeover of the Farmers Group by BAT Industries in 1988.

After the sale, Fund America will be left with cash of \$800 million and existing investments of \$2.5 billion, which it plans to liquidate over the next few years to return money to shareholders.

# Borrie seeks court ruling on racecourse TV accord

By MARTIN WALLER

THE agreement between Satellite Information Services, largely owned by the big bookmakers, and the Racecourse Association that provides television coverage of racing in betting shops has been referred to the Restrictive Practices Court.

Sir Gordon Borrie, the director general of fair trading, has decided that a particular clause in the agreement, which dates back to 1987, restricts competition. The court will have to decide if the restriction is against the public interest.

However, the cumbersome bureaucracy involved in the reference means the case will not be heard until 1991. By then the agreement, under which SIS pays £3 million for the exclusive right to cover race meetings, will have been in force four years.

Christopher Stoddart, managing director of SIS, said the reference was expected and the company was confident of winning.

The Office of Fair Trading is objecting to the so-called

"fair treatment clause" which provides that, in the event of a market attempt to break into the market, the business concerned must either be offered the same terms as SIS or the fees payable by SIS must be reduced accordingly.

"We would like to see the market open to competition," said an OFT spokesman. "This is why we are taking this restriction to the court."

It appears that the SIS agreement with the Racecourse Association, which it owns 10 per cent of the satellite consortium, was allowed to operate without any OFT involvement until earlier this year.

Then British Aerospace attempted to enter the market in a limited way in Ireland by setting up its own satellite service.

BAE complained to the OFT

about the SIS agreement, triggering the reference to the court. The company has now ditched plans for the service, and it is believed that there are no others seeking to break the SIS monopoly.

## Manx bid withdrawn by SeaCon

By GILLIAN BOWDITCH

SEA Containers, the shipping and transportation group, has withdrawn its hostile bid for the Isle of Man Steam Packet Company pending the outcome of a private member's bill that aims to restrict the acquisition of Steam Packet shares.

Sea Containers said yesterday that the bill would require the company to divest itself of Steam Packet shares acquired through the current offer. This could lead to a significant loss for Sea Containers.

The Takeover Panel is allowing Sea Containers to renew its bid within 21 of the bill passing through the legislative procedure. Normally a company which had withdrawn an offer would be prevented from renewing a bid for 12 months. Sea Containers says it will renew its offer if the bill is defeated, withdrawn or suitably amended.

James Sherwood, president of Sea Containers, met the Manx government on July 26 and is prepared to give guarantees on the level of employment and service to be provided to the island.

Sea Containers, which had a 41 per cent stake in Steam Packet before the bid, has increased its stake to 41.9 per cent. Steam Packet shares fell 12p to 108p.



Strength in spread: Christopher Lewinton, chairman

## TI raises payout

TI Group, the engineering group, is raising its interim dividend from 5.75p to 6.5p after half-time pre-tax profits of £63.3 million (£49.2 million) on a turnover of £474.5 million (£460.9 million). The

group's industry and geographic spread is a source of strength when economic conditions in some parts of the world are difficult. Christopher Lewinton, the chairman, said. *Tempus*, page 23

## Coloroll pottery firm sold

By GILLIAN BOWDITCH

THE receivers at Coloroll have sold Staffordshire Pottery to its management for £20 million. It is the largest disposal since the troubled home furnishings group went into receivership in June, owing more than £300 million.

The 1,600 jobs of the pottery firm's 1,600 employees are secure under the deal which has been backed by Charterhouse Development Capital. Charterhouse has provided the equity finance and Bank of Scotland the debt finance.

Under the deal, the management team, led by Gordon Warcham, Staffordshire's chief executive, holds a 25 per cent stake. This will be increased over the next few years. Charterhouse retains the remaining 75 per cent.

The company, which is based in Stoke-on-Trent and is the largest independent pottery manufacturer in Britain, will trade as Staffordshire Tableware.

The company, which has a turnover of about £40 million a year, was acquired by Coloroll in 1986 for £14 million after a hostile takeover bid.

The deal brings the total amount raised by the receivers from Coloroll disposals to £45 million. Two other management buyouts have been completed, for Kosset Carpets and Denby Tableware.

## BUSINESS ROUNDUP

### Rise in sterling lifts reserves by \$173m

STERLING'S continued appreciation on hopes of early participation in the EMS exchange-rate mechanism allowed Britain's official gold and currency reserves to rise by an underlying \$173 million last month, after a \$15 million increase in June. The Treasury's underlying reserves figure, regarded as the best published guide to Bank of England intervention in support of sterling, was around the mid-point of City forecasts. It shows that with the pound strengthening, the Bank had no need to step into the market to support sterling. Actual reserves fell by \$172 million, to stand at \$38.84 billion at end-July. A Treasury spokesman said the reserves were at a historically high level.

• British bank notes in circulation rose 5.3 per cent in the week to August 1, compared with the equivalent week of last year, according to Bank of England figures.

### Plunge into loss at Noble

#### Water group payoff

SOUTHERN Water has paid £219,000 in compensation for loss of office to a director, John Valentine, who was recruited from Pisons to be group managing director of the water group last September, resigned from his £115,000-a-year job in mid-February. William Courtney, Southern's executive chairman, then abolished the post.

### Water group payoff

NOBLE Raredon, the leisure

to trading and photographic group, reports a pre-tax loss of £970,000 in the six months to end-April against a profit of £25,000 in the half year to end-May 1989.

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The company, which has a turnover of about £40 million a year, was acquired by Coloroll in 1986 for £14 million after a hostile takeover bid.

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One of the cornerstones of the founding of the *Independent* was that no shareholder would be able to own more than 15 per cent of the shares of its corporate entity, Newspaper Publishing. The founders always recognised that the restriction, which is written into the articles of association, would be unlikely to survive beyond a stock market flotation, because the stock exchange dislikes any restrictions on share ownership. It will give a golden share for a company, but not others.

The 15 per cent limit was designed as a temporary umbrella which could be folded away when Newspaper Publishing was strong enough to move on to the stock market. If the company subsequently received a bid, then that was just one of the risks of being an adult listed company. Now, however, the limit is under seige, not because Newspaper Publishing is strong enough for a stock exchange listing, but because it has been weakened by the launch of its Sunday edition into a

falling advertising market. First, the Chicago Tribune group, one of the backers of the rival *Sunday Correspondent*, asked for the limit to be set aside so they could take a significant shareholding in Newspaper Publishing in return not only for much needed extra funds, but also for delivering a takeover of the *Correspondent*. Second, Robert Maxwell, the perennial predator, has picked up approaching 10 per cent of the shares and is willing to buy more. These two circumstances will take on significance if, as seems likely, existing shareholders are asked to put in fresh funds. Before shareholders offer more cash, they may demand from the management a near-binding timetable to take Newspaper Publishing on to the stock market, after the previous plans for flotation were grounded by the decision to launch the Sunday edition. And if existing shareholders do not get the terms they

want, Newspaper Publishing could be forced to turn to new sources of finance.

Meanwhile, if the rival *Sunday Correspondent* is given the funds it requires to survive, this will add to the difficulties of Newspaper Publishing. In the current market, there is scarcely room for one new Sunday entrant, let alone two, and each of the new arrivals depends for its success on the demise of the other. That is why Newspaper Publishing attempted to divert funds from Chicago to the *Correspondent* into its own group. And it is also why Mr Maxwell is offering to put money behind the *Correspondent*. That newspaper may just survive, given enough backing, and if it

does, it will be at the expense of a further softened *Independent* group.

And there's nothing Mr Maxwell likes better than to smell the blood of a wounded quarry.

## Yes Minister

The DTI's response to the outspokenly critical attack on its efforts in company regulation and insider trading is a classic Whitehall document. As is required, it silkily welcomes the committee's constructive suggestions. The white paper then notes approving comments and rejects, in *Yes Minister* style, virtually all proposals for action

the department did not have in train anyway.

This is predictable, but a pity. The committee's report was heavily coloured by widely felt outrage over the lack of any action against those so heavily criticised in the inspectors report on House of Fraser. The white paper does not address this aspect of the report at all and John Redwood, the corporate affairs minister, has now chosen to hide behind flimsy claims that it is sub judice.

Aside from that, the report took a balanced and constructive line reflected in its 34 modest and often sensible recommendations. Many seem to have been thrown out because they were not invented at No 10 Victoria Street.

The argument is that the new and hugely improved regulatory system set up in a series of measures between the 1986 Financial Services Act and the 1989 Companies Act should be given time to bed down. Yet

most of the useful recommendations relate to insider trading, on which the government plans new, more effective legislation, and inspectors' investigations, which have been relatively untouched by change for years. A civil law approach by the authorities to insider trading, as used by the SEC in the United States, should in particular be given more sympathetic attention.

Proposals to speed inspectors' reports, favour their publication, systematise follow-up action, but give better protection to those criticised, also formed a generally worthwhile package. The committee proposed, notably, that publication of inspectors' reports should only be delayed where a criminal investigation had begun before the report was complete. These ideas have fallen to Whitehall's mania for retaining discretion at all costs.

No doubt some proposals will resurface in another guise. Meanwhile, at least it seems agreed that inspectors' reports will not be censored down to unreadable recitals of facts, as the Bank of England and SIB wanted.

AMERICAN bank shares are selling at their lows for the year on Wall Street as investors focus on poor profit potential, amid a slowing American economy, after an era of excessive lending for takeovers and to the troubled commercial property market.

Banking is in a state of flux amid the planned overhaul of bank regulations and as the public attention on the savings and loan crisis has overflowed onto the banking sector.

No one expects such dramatic consequences as the \$500 billion savings and loan bail-out, but the present plight of the banks has heightened the need for the regulatory overhaul.

Bill Seidman, chairman of the Federal Deposit Insurance Corporation, said this week that the bank insurance fund was at its lowest level in relative terms since the depression.

The American government guarantees bank deposits from a fund to which the banks contribute at the rate of 15 cents for every \$100 in deposits.

Mr Seidman gave a warning that the fund would lose \$2 billion this year from its present level of \$13.2 billion, or 70 cents for every \$100 on deposit.

The FDIC sees a cover of \$1.25 for every \$100 as being a prudent level.

While pointing the \$2 billion loss as a worst case scenario, the fund lost \$831 million last year and \$4.2 billion in 1988, its first ever losses.

The insurance fund losses imply \$6 billion in bank failures this year as the fund will receive premium income of \$3 billion and will earn another \$1 billion from its cash on hand.

This year 112 banks out of the 12,000 in America have collapsed, the same rate as in the past two years.

The American treasury department is working on an overhaul of the banking system, including removing restrictions on interstate branches, the ability to underwrite securities issues and

## US banking feels pinch as easy money disappears



Fund at lowest level since depression: Bill Seidman

changes to the deposit insurance fund. The main change being proposed is a limit on insured deposits up to \$100,000 per depositor compared with the present system that allows multiple deposit accounts to be covered.

Chase Manhattan Bank has

already announced plans to reduce its workforce of 41,600 by 3,000 people this year.

A key concern is the intrusion of outsiders into traditional bank business and the loss of big moneymakers such as leveraged buyouts and commercial property lending.

In the five years to the end of last December real estate loans, expressed as a share of total bank loans, increased from 25 per cent to 37 per cent and their share of new loans increased by 64 per cent over the period.

Throughout the Eighties, according to James McCormick, a consultant, banks earned only between 7 per cent and 12 per cent return on equity on their loans.

It was only takeover lending fees that helped the main banks to an average return on equity ranging up to 18 per cent.

The American commercial property market now has an oversupply averaging 20 per cent that means not only is it no longer a profitable source of new lending but also that banks are risking mounting bad debts on loans made so far.

American banks are still carrying \$40 billion in Third World loans and have yet to see just how leveraged buyout loans, of about \$35 billion in recent years, will work out.

With these sources of "easy money" gone, traditional areas are also disappearing. Companies now have a larger share of the car loan market and new entrants like Sears Roebuck and AT&T are entering the credit card market.

This has been a profitable area for banks as shown by the \$600 million profit made by Citicorp, the largest bank issuer, last year.

But it is a big-volume low-margin business that means fewer banks are staying in the market.

The growth in financial markets means solid industrial companies can also issue their own paper without need to tap banks for money and in America they presently pay only an extra 0.5 per cent for their money.

The American economy grew at only 1.2 per cent in the year ended June and is hovering close to recession levels, which points to a difficult banking climate.

Sir Kit and his colleagues have staked their jobs on a successful cost cutting by the end of 1991. But the dip in the shares to 276p speaks

of short covering as sentiment

is changing.

John Durie

New York

alongside Andrew Hugh Smith, IIS chairman, Peter Rawlins, chief executive, and the director of trading markets developments, advising them on "the future development of the equity markets" and "the formulation of a strategy for the 1990s and beyond," the exchange says. A consultancy post, it is described by Hugh Smith as a senior appointment and one that "demonstrates the exchange's commitment to meet users' needs." "I believe I can act as a bridge between the exchange's market development staff and the market users," says Holloway, who took up his new position this week.

### Drink in play

CORPORATE sponsorship deals are normally fairly mundane, but the agreement by a Luxembourg vodka manufacturer to sponsor fourth division Scarborough football club up to £300,000 looks like turning into something of an international incident. The problem lies with the brand name — Black Death vodka — that was to be printed on the players' shirts, with the motto "Drink in Peace" beneath. The Football League has objected. Geoffrey Richmond, club chairman and chairman of Ronson, the lighter group, is going to the league's Lancashire headquarters today to try to salvage both the shirts and his sponsorship deal. Meanwhile, the Luxembourg company has sent a fax to the league demanding that it withdraws its derogatory remarks.

### Building bridges

PETER Holloway, a one-time Wedd Durie partner who left BWB in February after four years as head of market making, has resurfaced as a special adviser to the International Stock Exchange. He has been replaced at BWB by Brian Tarrel. Holloway, aged 46, and a member of the Gresham Club, will work



If it's from your bank manager he probably wants a loan.

Carol Leonard

## COMMENT

DAVID BREWERTON

the department did not have in train anyway.

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## TEMPUS

### No destination for Midland

IF MIDLAND Bank was a drawing, it would be tempting to rub it out and start again. The bank's appalling interim results show just how difficult it will be to re-fashion this once-great financial institution.

The bad news started with the 19 per cent fall in trading profit to £363 million, and ran through to the balance sheet.

Non-Third World debt provisions rose 160 per cent to £234 million, income stagnated at £1.55 billion, while operating costs rose 10 per cent. It is little wonder that Sir Kit McMahon, the chairman, felt obliged to make a profit warning in April.

American banks are still carrying \$40 billion in Third World loans and have yet to see just how leveraged buyout loans, of about \$35 billion in recent years, will work out.

With these sources of "easy money" gone, traditional areas are also disappearing. Companies now have a larger share of the car loan market and new entrants like Sears Roebuck and AT&T are entering the credit card market.

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volumes and a p/e ratio of 21 on profits of £200 million this year looks fully priced even for a recovery stock.

A merger with Hongkong and Shanghai Bank is almost certain to interrupt the recovery anyway. Midland has gone as far as appointing external public relations advisers to handle the announcement. But Hongkong is in a commanding negotiating position and will not overplay.

The shares, a *Tempus* recommendation for 1990, sadly have nowhere to go.

### Gold

THE days when a cracking little war would send the gold price up in leaps and bounds are over. Yesterday the price rose \$10.25 to \$383.50 an ounce in an initial burst, but lost ground to close at \$378.75, up \$5.50. If gold is to challenge \$400, there will be no rush.

London gold inched forward for two weeks as Middle East tension mounted, and followers were encouraged that it was beginning to react like a precious metal. However, buyers who recently used the harder European currencies to buy gold are only just starting to see break-even on their purchase price because of currency movements. And yesterday there was an international element of short covering as sentiment

is changing.

Events in Kuwait have at

least improved gold's expected trading bands by \$10. But the immediate test is the 200-day moving average of \$385 an ounce, and gold was shy of that last night.

John Durie

with Mannesmann of Germany, a 5 per cent shareholder and keen to take this to 9.9 per cent, opens up increasingly interesting opportunities in an area of Europe with potential.

For the six months to end-

June, TI posted pre-tax profits of £63.3 million (£49.2 million), on a turnover of £474.5 million (£460.9 million). The interim dividend rises from 5.75p to 6.5p a share.

Half-time profits are flattened by £3.3 million of pension scheme help but the underlying trend was still a respectable 21 per cent. The pension holiday is likely to last for ten years.

While TI's specialised engineering division suffered from weaker operations in Britain and a softer American economy, overall margins rose from 10.3 to 12.2 per cent, and TI is sure organic growth is here to stay.

Its customer base is spread

over 50 industries, with the

auto industry claiming the

largest share at 18 per cent.

Followed by aerospace (though

mainly civil), processing plant

and capital equipment.

TI looks on course for year-end profits of £130 million pre-tax (£111.5 million), which should rise to £142 million in 1991. At 495p, down 12p, the prospective p/e is 8.9, which is not demanding and suggests the shares are worth picking up on any further market setbacks.

The friendly agreement

## LONDON TRADED OPTIONS

Index	Value	Calls				Puts			
		Daily chg (£)	Yearly chg (£)	Daily chg (c/p)	Yearly chg (c/p)	Daily chg (US\$)	Yearly chg (US\$)		
The World (free)	567.3	-1.3	-20.9	-0.8	-10.3	-2.0	-2.7	-0.7	-0.7
EAFE (free)	123.3	-1.3	-21.1	-0.9	-10.6	-2.0	-2.7	-0.9	-0.9
Europe (free)	119.5	-2.2	-25.4	-1.4	-15.7	-2.8	-14.4		







## Jobs growth depends on health of small businesses, says Forth

By DEREK HARRIS

ERIC Forth, the new small firms minister at the employment department, has promised to quash any speculation that government interest in small business is waning.

Mr Forth is a parliamentary under-secretary. Previously, a minister of state has looked after the sector. Mr Forth believes small business is crucial because virtually all future employment growth will spring from that sector.

Ask about more tax breaks for hard-pressed smaller businesses, or preferential interest rates, and Mr Forth says: "I am always prepared to listen to any sensible and workable proposals."

"I want to hear about the concerns and the ideas of the business community."

On reports of increased business failures, he says: "The capitalist system creates opportunities and wealth. But there are also risks. Not everybody will succeed."

Tim Eggar, Mr Forth's predecessor, supported small businesses against big companies which were delaying payments of bills for goods and services.

Keeping up that campaign is also a priority for Mr Forth. He is already dealing with a number of cases involving complaints from small businesses about slow payment by one or other of the top 100 companies.

Mr Forth said: "We decided not to legislate about late payment

because of difficulty over definitions. But we do have to do something to redress this commercial imbalance." He is to take up cases "at a high level" with large companies.

Mr Forth may also focus on what he sees as a great divide to bridge for developing businesses: founders often find that their companies reach a critical size at which a management structure is imperative for further growth. This may also involve dilution of complete control at the top of the company.

Mr Forth said: "This is one of the most difficult growth points. Maybe it is something that needs to be given more attention."

**MR FRIDAY**  
  
They must have all been balliffs!

By JAMES MORGAN

ROBIN and Sheila Purdie have discovered a niche market in canal boats; they run a "floating hotel".

The husband and wife team are in their second year managing Hobo Holidays, their business on water. Several years ago, when the Purdies were looking for a hobby and some relaxation away from their computer firm at home in Hertford, they bought a canal boat. The Mallard, a 50 ft craft, gave them the idea of operating luxury trips on the waterways of Britain.

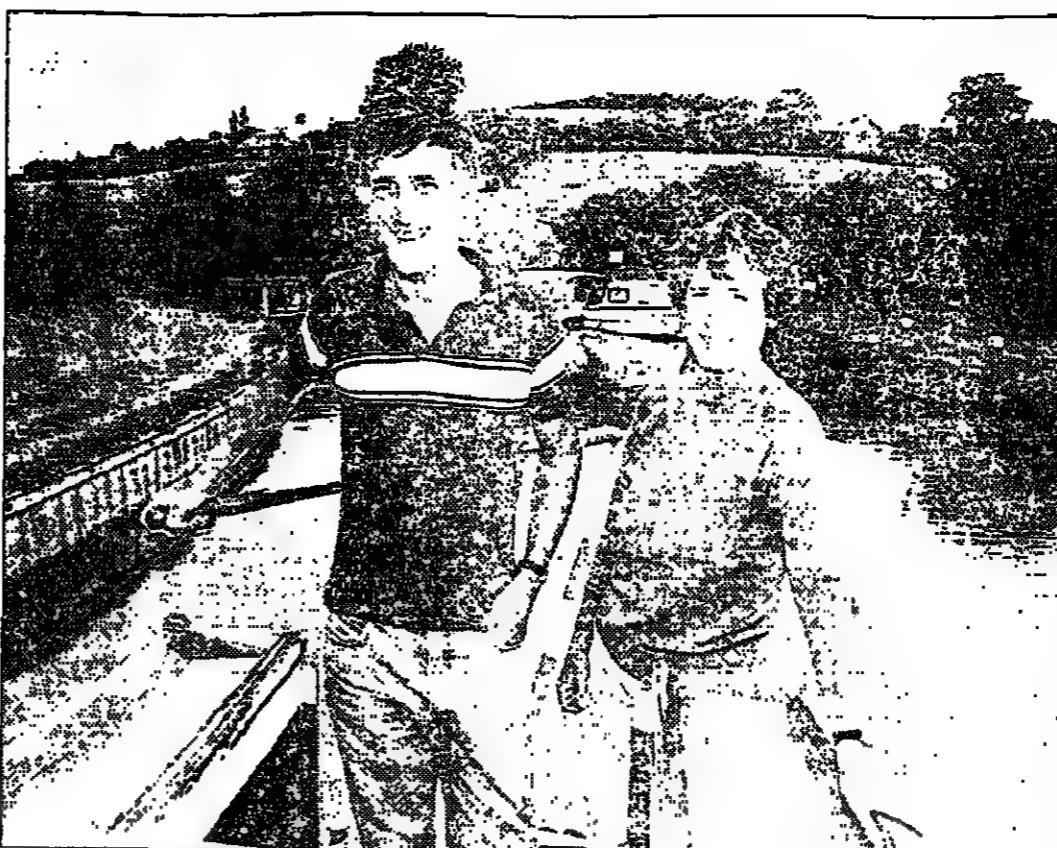
They then bought a 70 ft boat, the Swan, to add to their operation, and after intensive work on the two vessels, the Purdies claim to have the only floating hotel on British waterways with en-suite facilities with all cabins.

Mr Purdie said: "We spent £30,000 re-fitting the two boats. We now have two modern vessels which combine the best features of luxury cruise accommodation with traditional style and elegance."

Both boats have central heating, and there is a wood-burning stove in the lounge on the Mallard. There is also a cellular telephone on board that boat. From a small galley, a chef makes breakfast, lunch and dinner, with all the food bought en route.

Journeys include the Grand Union canal, the London canals, and the rivers Lee and Stort. For those requiring longer holidays, packages can include the Oxford and Stratford canals.

Mr Purdie said: "We are extremely proud of the cuisine and the variety of our trips and regard it as a major feature of a stay on



At the helm: Robin and Sheila Purdie on board one of their Hobo Holidays boats

the boats. The atmosphere is relaxed and friendly, with the emphasis on informality.

"If you are feeling energetic on board the boat then you can help us through the many locks we come across... or you can just take in the wonderful English scenery."

When the Purdies began the business in 1988, they ran at an occupancy rate of 25 per cent for

the 20 operating weeks of the year. This year, they are running at more than 90 per cent occupancy. Charges are £325 a week and the boats take six people.

Mr Purdie said: "With myself and my wife, our chef and one other member of crew, our overheads are relatively low. A week with the boats full brings in almost £2,000. It's not at all bad."

The Purdies are hoping to

spend nearly £30,000 on a new barge, which they will bring from the Netherlands. They hope that with careful marketing, they will attract more business. The type of client varies, with overseas visitors especially attracted to a holiday on water. Bookings are looking good for the rest of this season and the Purdies think they may extend next year's season to cope with demand.

## Good marks for expert in handwriting

AMONG the six women finalists in the small businesswoman of the year competition was Audrey Giles, who worked for 12 years as a police forensic scientist. A leading handwriting expert, Dr Giles set up on her own at the beginning of last year moving into her own premises, which include a laboratory.

She has thrived by specialising in document examination work and checking suspected frauds. In her first year, Dr Giles has handled more than 100 cases.

Based in Amersham, Buckinghamshire, Dr Giles won third prize, while Karen Bennett of Redditch, Worcestershire, was second with her pet food delivery business to kennels and shops.

Top prize went to Angela McLean of Felton, Northumberland, who with two other mothers runs Colorsprin, which has launched a range of waterproof children's clothes that fold into a compact bag. *She* magazine has been associated with the award for nine years. Barclays Bank, the sponsor, gave a £5,000 prize to Mrs McLean. She also received £5,000 worth of office equipment.

### Training seminar

THE 13th national small firms policy and research seminar is to be held from November 14 to 16 in Harrogate, Yorkshire. It will be hosted by Leeds Business School and sponsored by the Midland Bank. Policy papers will include assessments of the new Training and Enterprise Councils, regional development and links between small and large firms.

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TRADE ADVERTISERS

## REGISTRATION NUMBERS



## Auction of attractive registrations

By Direction of the Secretary of State for Transport.

To be conducted by Central Motor Auctions plc.

50 AA	REN 1E	48 08	5 JUL	123 07G	12 POE	190 5H	TRO 1S
50 AA	11 16S	93 08	3 FEB	44 04R	200 5A1	535 50	77 27S
50 AA	11 16S	93 08	28 JUN	77 1PA	100 50E	575 50	52 31S
50 AA	11 16S	93 08	21 JUN	100 50F	101 50A	575 50	290 13S
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# The prancing horse rears up against Japan

Daniel Ward reports on a modern legend and (right) tests the latest Ferrari

**T**he name of Ferrari is surrounded by glamour, an aura that goes beyond that of a mere car. To explain the myth, Ferrari has organised an exhibition entitled "L'idea Ferrari", in a once-dilapidated fort on a hillside above Florence.

This is a good time to remind the world there is only one Ferrari. Honda has already challenged the Maranello sports car maker on the Grand Prix circuit with some success. Now it is launching a mid-engined sports car that looks like a Ferrari and costs just as much.

Bettering the technology found under the bonnet of a Ferrari is not difficult for Honda, but the aura of bright red Ferrari built by the skilled artisans of northern Italy and representing the brilliance and the foibles of the founder, Enzo Ferrari, will always count for a lot. It cannot be copied.

In the grounds beneath the Forte di Belvedere, nine Ferraris are displayed in climate-controlled glass cubes, including the rare 1959 250 Testarossa, powered by a 300bhp V12 engine, a 250 GTO worthwhile at £5 million and the 1968 Daytona, Ferrari's last front-engined car. At night, the Ferraris can be seen from the centre of Florence illuminated by spot lights in each cube.

The Turin design house of

Pininfarina has styled all but a few Ferraris since the first was made in 1946, yet the racing 250 Le Mans, with its beautifully curved aluminium panels, was among the most gorgeous handsome. It stands out even at L'idea Ferrari. Every millimetre is a testament to the skills of the panel beaters.

On display inside the exhibition are full-size drawings of many early Ferraris, including the first car drawn by the legendary Gioachino Colombo in 1945 in coloured pencils; green was used for the engine, orange for the body.

Today, the colours have reappeared, but this time on computer screens used to style the body and design the components. There are, however, no current models at L'idea Ferrari, except for the limited-production F40, another exciting celebration of the company's 40-year history.

Three Grand Prix cars epitomise Ferrari's commitment to racing. Britain's John Surtees won the world championship for Ferrari in 1964 in the flat 12-engined 512, devoid of the aero-dynamic wings that were to come later.

Much closer in style and function are the 1.5-litre turbocharged Formula One car from 1983 and Formula 1 from 1983 and Nigel Mansell's sleek machine from last year. In this elegant machine, technology and passion find their meeting place.

**C**lassic. The Formula 1 with committed driver Valerie Stones



Ferrari 348 TB: Any small niggles are easily forgotten as the engine's acceleration takes effect

## At the wheel of an envy machine

### ROADTEST

**E**ven people who have no interest in cars will stop and stare at a passing Ferrari. The successor to the 308/328 GTB launched in 1975 is the 348 TB, and it is every inch a Ferrari. The 328 and 348 share the all-aluminium V8 engine, although it has been enlarged to 3.4 litres and power raised to 300bhp. They have little else in common.

The previous model had a complex tubular chassis. The new car has a more robust pressed-steel frame and chassis welded together by robot. Behind the driver, the engine is no longer mounted transversely across the chassis, but lower and in the middle of the car to improve roadholding. Behind the engine is a compact five-speed gearbox.

Tucked inside the 17in-diameter alloy wheels are disc brakes with anti-lock control. The tyres are as wide as two or three family car tyres but there is one snag: there is no spare tyre. Faced with a flat tyre, the distressed owner has to inject a puncture sealant into the tyre in order to hobbles home.

Such things are easily forgotten as you press the button to open the door — there is no handle. The dramatic-looking vents in the doors feed air to the

radiators mounted just ahead of the rear wheels. Only the yellow prancing horse emblem on the small steering wheel and the orange Ferrari instruments break the expanse of black leather inside. Comfortable seats and air-conditioning come in the £67,500 price; the radio does not, which is something to contemplate during the five or six year wait for delivery.

The clutch is light but the gearchange is copy-book Ferrari, which means that at low speed, the lever clunks awkwardly through the polished steel gap on the floor. Only when the engine starts to rev higher does the change become more fluid.

Go past 7000rpm in fifth gear and the 348 is heading to 170mph-plus. Do the same thing in the lower gears and the acceleration is matched to engine noise from close behind your shoulders. The Ferrari will accelerate to 60mph in about five seconds.

Compared with a 328, the new car rides more firmly; if there is a flaw, it is that the Ferrari is not the easiest car to drive fast because of the lightly weighted power steering. More demanding bends, where the driver must take firm control, see the 348 at its best.

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heading

# Finding strength in isolation

The billowing sails of the Isle of Wight regatta mask a grimmer race of economics against time, a challenge England's smallest county intends to win

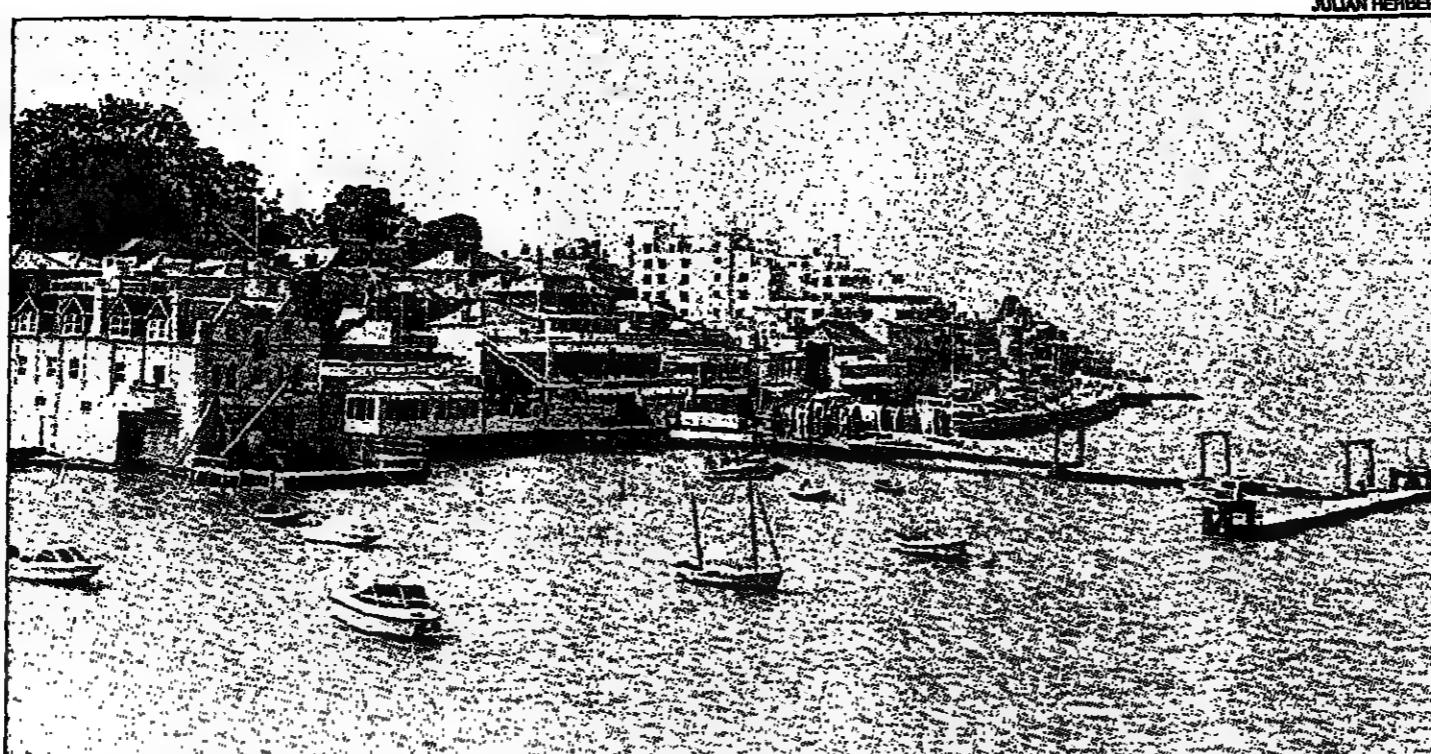
The Isle of Wight enters its second century as England's smallest county determined not to be pushed aside in the battle for business when European trade barriers are lifted in 1992.

Despite the financial disadvantages of operating on a miniature scale and surrounded by water, the island's authorities are examining ways of quickly attracting new investment and upgrading amenities. The urgency stems from a growing awareness that the sleek yachts and billowing sails of the Cowes Week sailing regatta mask a grimmer economic race against time.

The biggest challenge is to bring living standards up to par with the rest of England and Continental Europe. According to Morris Barlow, the Liberal Democrat leader of the county council, the island has to attract companies that will provide jobs and encourage young people to stay on the island. To do this, wages must provide a standard of living comparable with the rest of Europe.

The determination that is needed now was displayed by the Isle of Wight community in a battle against Westminster planners 100 years ago, when elected county councils replaced the system of administration by justices of the peace. Isle of Wight residents won that battle and were given the right to elect a county council.

To retain its independence after the local government reorganisation in the 1970s, the Isle of Wight had to agree to adopt the same two-tier local authority structure as other, much larger English counties. This requires responsibility to be shared via at least two elected district or borough authorities. As a result, local administration of the island's 38,067 hectares is split between three local authorities. If the old parish councils are included, it



The calm of Cowes: a welcome sight to tourists, yet behind the carefree facade lies a community fragmented by parochial leadership

means a population of less than 130,000 (about 41 per cent of the next lowest populated county, Northumberland) has to elect 365 councillors.

According to Bernard Pratt, deputy Lieutenant and chairman of the county council, there is considerable support across the political lines, in favour of establishing a one-tier local authority. He says the ability to "speak with one voice" has become a matter of urgency if the next strategic structure plan, which will take the island into the next century, is to be effective. The case for making the necessary legislative changes for a unitary authority were accepted by the government's Boundary Commission some years ago, but no timetable was set.

Given the unity of direction, there is a good chance of success. Enterprising islanders are internationally minded. They tend to regard exports to countries across the English Channel in the same way as business dealings with the English mainland.

The island, just two hours from central London, boasts many environmental attractions, as well as a rich cultural and historical heritage. It is for these reasons that many professionals have set up practices on the island. Similarly, many civil servants forego promotion to enjoy the environmental

and social advantages of the island.

By locating business operations on the Isle of Wight, companies can offer similar "quality of living", which should help in recruiting and retaining specialists and professionals during the expected skill shortages.

The biggest casualty of the fragmented local government structure has been tourism, which, along with manufacturing and agriculture, is a plank of the island's economy. Unlike other English resorts, such as Brighton and Blackpool, there has been little municipal investment in tourist facilities by the two borough councils.

A notable exception was the county council's establishment of a network of footpaths and bridleways, which won national recognition.

A century ago, the Isle of Wight was a favourite destination of the rich and famous, who valued its mild climate and beautiful scenery as much in the winter as the summer. Today's holiday trade, however, is packed into two summer months. The effects of this high-volume, low-value holiday industry have ricocheted through the whole community. A vicious spiral of seasonal unemployment led to low wages and

inadequate investment during a period when the rest of England was becoming more prosperous.

The need to move upmarket was identified by a steering committee formed three years ago to sink rivalries between different factions and to represent local authorities and private-sector operators. Since then there has been some improvement, mainly by the private sector, at Cowes, which, along with yachting, was identified as a priority area by the steering group. A link between a steam railway and the British Rail service that connects the resorts in the south (another priority identified by the steering group) is due for completion in 1992.

There are, however, no signs of the two or three examples of "flagships with style" developments that the tourist experts also say are necessary to boost confidence. Municipal investment has been spread across many resorts, rather than concentrated in a single area.

While spending on new vessels by the three main ferry operators, Sealink, Red Funnel and Hovertravel, has been welcomed by the island after a winter when services were more than usually disrupted by gales, business confidence has been dented by the uncertain start made by Cowes Express, a rival ferry run by a group of local business people.

A co-ordinated approach to improving the economy is all the more necessary given the lukewarm response by central government to petitions that the island should be granted some form of compensation for its severance from the mainland. The case for special treatment, compiled for the Department of the Environment in a report, *An Island Apart*, was revived early this year. This shows that the local authorities must spend an extra £5 million a year, mainly on extra transport charges and on providing self-sufficient services.

Being an island, it cannot share staff and equipment needed by fire, ambulance and police services with neighbouring authorities. The island's police must be equipped to deal with the inmates of the island's three large, high-security prisons of Parkhurst, Albany and Camp Hill, which house about 1,100 prisoners. New regulations requiring inquiries into crimes committed within prisons to be heard in magistrates' courts have compelled the county council to provide new courts with increased security and to pay for 20 per cent of the cost.

Provision must also be made for tackling specific hazards, including oil and chemical pollution from shipping, flooding, coastal erosion and waste generated by the two million annual tourists.

# Economic cure lies in unity

A recent survey found that living standards on the island were among the lowest in the UK

Like many island communities, the Isle of Wight's population is proud and industrious. It is therefore surprising that a recent survey found that the island's living standards have slipped far behind those of the rest of the United Kingdom. Even more alarming are the figures that identify the importance of the manufacturing sector to local prosperity and its vulnerability to the fortunes of only two international companies.

The survey, produced by Ernst & Young, the international management consultants, provides for the first time the data islanders need to make a realistic comparison with other areas in England and overseas. Previous comparisons have been blinkered by government statistics that lump together social and economic data relating the Isle of Wight with Hampshire, which is larger and more prosperous.

The survey shows that the island's GDP is 25 per cent below that of the UK and Hampshire and 33 per cent below the South-East. Average gross weekly earnings for full-time male employees are about 20 per cent below the UK equivalent and that for Hampshire. The two largest companies, Siemens Plessey and Westland, are responsible for 25 per cent of the gross domestic product, 40 per cent of the employment in the manufacturing sector and almost 8 per cent of total employment. It outperforms the public sector - local government, education, police, prison service - which, although it accounts for 22 per cent of employment, produces only 18 per cent of GDP.

While tourism is acknowledged as fundamental to the island's economy, benefiting an estimated 25 per cent of the population, spending is thought to have reached a plateau. The main growth trend perceived by the consultants was the coach trade, which is not usually a high-spending area, where traffic has doubled in recent years. Although 70 per cent of the land area of the island is used for agricultural purposes, this sector employs only



John Lowrie: challenge

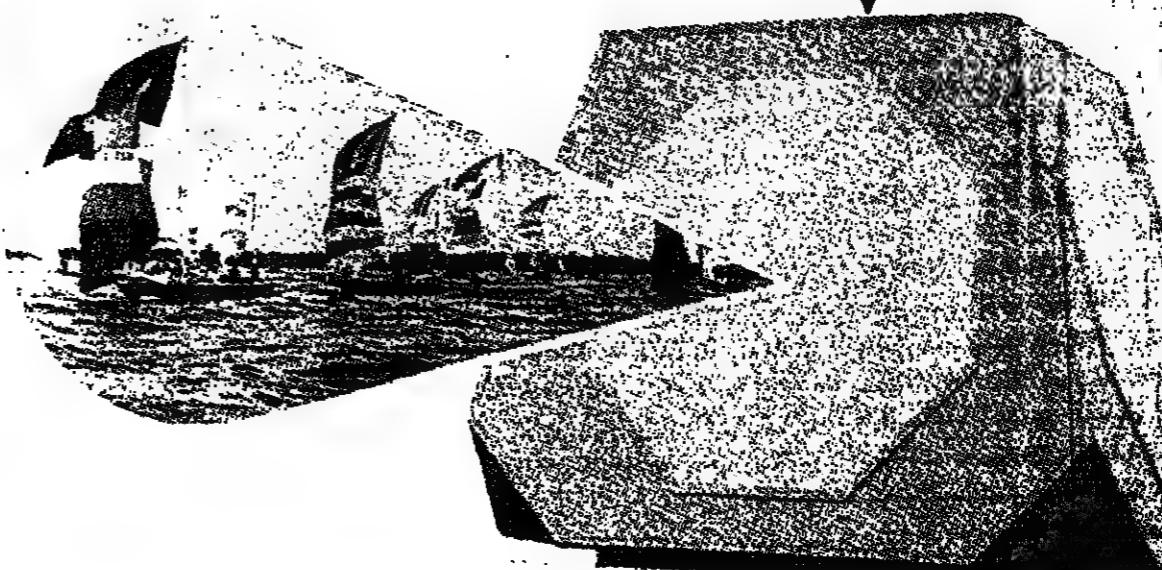
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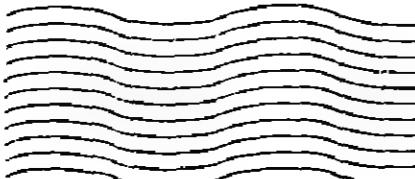


Where commuting is almost a pleasure and a certain 'quality of life' can be enjoyed to the full. The Isle of Wight welcomes investment and offers a multi-talented work force in this unique manufacturing environment.

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JULIAN HERBERT



Economic pragmatism: a reduced EC milk quota prompted Hugh Noyes to convert his farm into a rare breeds park

## Man and nature in harmony

The island's latest attraction is a park for rare breeds of animals and waterfowl

thousands of litres of top-grade milk, and paying a £2,500 fine for being over the quota. Mr Noyes decided to establish the park.

As High Sheriff, Mr Noyes plans to encourage wider use of locally produced foods. He was horrified to be offered Brittany lamb and French mineral water at a banquet when top-quality equivalents are produced on the island.



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# A hive of industry

The island's most recent ventures into the world of commerce are supported by a long history of manufacturing

The Isle of Wight was exporting manufactured products before the 16th century, when the shipyards at Cowes made vessels for Queen Elizabeth I. After the shipyards were closed, the island's council was one of the first in England to buy old industrial sites and convert them into units suitable for small companies. Many of the occupants were former employees, who carried on their trades through their own companies.

Instead of a few big yards, the modern marine industry consists of many comparatively small companies. Only one, FBM Marine, employs more than 100 people. A recent study for the Marine Industries Association shows that although they are small, the 120 or so companies engaged in this activity collectively provide more than 2,000 jobs and have an annual turnover of £100 million.

The new structure is seen as having advantages in providing flexibility and responsiveness to demand and new technologies. It also has disadvantages in visibility and marketing, as well as buying of raw materials.

Across the harbour, at East Cowes, on sites occupied by the company now called Westland Aerospace, Samuel Saunders experimented in 1901 with putting petrol engines in boats. By 1912, he had

developed the world's first successful amphibious plane. The company, which became Saunders-Roe, and then the British Hovercraft Corporation, built the first successful hovercraft, the SRN1, in 1959.

Westland Aerospace, one of the two biggest employers on the island, with a work-force of about 1,300, is now designing and manufacturing advanced composite and metal aero-structures supplying leading civil aircraft makers.

The second of the two biggest private sector employers, with a work-force of about 1,300, is Siemens-Plessey (formerly Plessey Radar), where morale has been boosted by the removal of uncertainties associated with a protracted takeover negotiation.

Roger Barnes, the operations director, says Siemens-Plessey (formerly Plessey Radar), where morale has been boosted by the removal of uncertainties associated with a protracted takeover negotiation.

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Ground conditions will make severe demands early in the new National Hunt season, which begins at Bangor today

# Anxious times for those in peril on the turf

By CHRISTOPHER GOULDING

FOR some, the return of National Hunt racing at Bangor today is not soon enough; others would argue its return should be delayed until the autumn.

On grounds of uncompetitive racing and the looming danger of fatality, the postponement of the new season would be justified. In the coming weeks many horses will suffer on the parched ground which can so often turn a fleet-footed thoroughbred into a hobbling cripple.

A flailing whip brandished across hindquarters is not an pleasant sight, but the affliction is only temporary. An injured tendon can be so severe that the only

course of action is the bullet.

"The level of carnage is high," said Barry Park, the Wantage-based vet who includes Dick Hern and Tim Forster among his clients. "Stan Mellor once told me that if you run horses on hard ground you might as well take a machine gun to the races."

"The problems in the early season are numerous. Horses become tired more quickly and fail to rise high enough at their obstacles as they are trying to save themselves from the impact of landing."

To combat the problems, Park feels we should adopt the policy of other countries. "They can provide decent ground and it's time we did the same. I have nothing

against all-weather tracks, but I favour the use of watered grass courses because turf is the perfect cushion for jumping. The mass of roots provide the essential grip."

The advent of all-weather racing suggests one possible means of avoiding the misery of maimed horses on drought-afflicted tracks, but at present the Jockey Club has sanctioned jumping fixtures for winter only. The next all-weather meeting over hurdles takes place in January 1991.

"If changes are required it's for the various sections of the industry to approach the Jockey Club," said Johnny Weatherby, the Jockey Club's Director of Development and Planning. "We are staging trials for all-weather

## Latest betting

CHAMPION TRAINER (odd price-money, without Martin Pipe): 11-10 Jenny Peacock, 7-1 Arthur Sutherland, 7-1 Gordon Richards, 10-1 David Edward, 14-1 others.

CHAMPION JOCKEY (without Peter Scudamore): 13-8 Richard Dunwoody, 9-4 Graham McCourt, 5-2 Mark Dwyer, 6-1 Chris Gittens.

Odds supplied by Corals

steeplechasing which could be in operation next year."

David Nicholson, no stranger to expressing forthright views, feels the situation is more than ready for change. "I am delighted that the season is upon us but early on we should be racing on courses where there is a proper watering

system. They should not be used in the winter so that they would be saved from being cut up. The all-weather courses are working well and in a situation like this we should have the flexibility to use these courses when the need arises."

The new season begins today at Bangor, which has displaced jumping's traditional opening at Newton Abbot. "We lost a fixture at the end of this month," Bob Davies, the clerk of the course at Bangor, said. "and we asked for it to be replaced with this one. We will also start the season off in 1991."

Davies will have relieved the River Dee of five million gallons

of water by the time racing begins, but even this has failed to attract any Martin Pipe-trained runners.

However, the Wellington trainer will field runners at Newton Abbot tomorrow and as usual they will be partnered by Peter Scudamore.

Scudamore, now recovered from a wrist injury received at Cheltenham in April, recently showed his fitness when successful in a camel race and by winning over hurdles in Stockholm last Monday.

Bookmakers are taking no chances with the record-breaking partnership. Scudamore is 10-1 with Corals to ride more than 200 winners, and Pipe 5-2 to train

more than 200 winners for the third successive season.

Of the up-and-coming riders, Derek Byrne, the leading conditional jockey last season, looks set for further acclaim. The Irishman's season was highlighted when successful in the Scottish National on the Gordon Richards-trained Four Trix, fueling speculation that he would be Richards's stable jockey. "I shall continue riding as second jockey to Jimmy Fitzgerald," said Byrne, "and will ride for Gordon Richards when he requires me."

Last season's leading amateur rider, Paul McMahon, has turned professional and has his first ride in the paid ranks at Market Rasen tomorrow.

## YACHTING

# Decreased attraction of IOR reflected by Cowes entry list

By BARRY PICKTHALL

LAND Rover Cowes Week, the only eight-day week in the sporting calendar, gets underway at 10.30am tomorrow when the first cannon is fired from the parapets of the Royal Yacht Squadron. Ten minutes later, a depleted fleet of Class One yachts will mark the start of more than a hundred races that have attracted an entry this year of 769 yachts.

Among them is Owen Aisher's Yeoman XXVIII, chartered by Prince Philip from Sunday to Wednesday, which is competing in a 41-strong Sigma 38 one-design class. Not to be outdone, the Princess Royal is expected to take the helm of a rival Sigma Scorpio on Tuesday, at least.

Another yacht with Royal connections returning to the fray this week is Scorch, owned by Dr Cox, which last year accidentally clipped the stem of the Royal Yacht, and earned Britannia's white ensign away in her rigging.

The Class 1 entry of just 14 yachts, and worse, the four registered in Class 2, once the premier fleets competing in the week, reflects the marked decline of interest in racing under the International Offshore Rule. As a result, Wednesday's premier Britannia Challenge Cup, won for the past two years by Stephen Jones' Jacobite, will be contested by the 50-strong Class 4 fleet of cruiser-racers competing.

With many of the larger

yachts returning to Cowes later tomorrow from the Royal Ocean Racing Club's 300-mile Cowes opener, the Channel Race, most eyes will be on the seventh race of the day, at 11.20am, for the Southampton Challenge Cup on Thursday.

If IOR yachts are going to run them off, the fleet racing under the Channel handicap system is going from strength to strength. Spread between Classes 3 and 6, a highly competitive fleet of 229 yachts (the largest is Class 5 with 76 entries) are destined to take the limelight away from the early starters.

Equally impressive this year are the numbers within the one-design offshore classes.

The largest is the Sigma 33 with 60 entries, but 46 have registered within the evergreen Contessa 32 class and 30 are competing in the highly competitive J24 Class which enjoyed tight racing at the world championship in Ireland last week.

The largest class however, is the X one-design dayboat, which, though dating back to 1909, has a turn-out of 77 entries this year. One of them is Sapphire which will be in the hands of the United States round the world yachtsman, Skip Novak, and two of his crew from the Soviet Whitbread entry, Fazisi.

On Sunday, the spotlight will be on Prince Philip's performance in the Muir Cup race for the Sigma 38 class starting a 10.30am. The following day, this one-design class and its even more successful sister fleet of Sigma 33s, race for the Land Rover trophy.

If the light winds disrupt the racing, the crews who stretch this Victorian town and its facilities to bursting point, also have a strenuous social programme to follow, from the Mount Gay rum party on Monday through to the Wight Ball on Thursday when Tracy Edwards, Britain's first lady of yachting is the guest of honour, culminating with the traditional fireworks on Friday night. All in all, it promises to be a testing week – all eight days of it.

• The RAF team led by John Best, competing in Cowes Week aboard the Class 1 Sigma 38 Red Arrow, is to contest a place in the British Admirals' Cup team next year. Best and his crew have won support from Oracle, the computer software company to build a Farr designed 44ft yacht.

They will join Mike Peacock, who is building a Farr 50-foot to replace his Castro designed J24 JV and David Bishop, who has commissioned Rob Humphreys to design a one-ton replacement for his Jockey Club.

• Of the placed horse, Milligan was giving Mark Prescott his

third second in the race. Home Truth, the third horse home, was disqualified for causing interference to Curran Call and Gilderdale and demoted to last. Selsah, after being unruly at the start and reluctant to enter the stalls, had difficulty in obtaining a clear run and also showed signs of inexperience before coming home strongly to finish fifth. Nayland, the 4-1 favourite, had every chance before finishing sixth, out together with Selsah, who was promoted place on Home Truth's disqualification.

Just as a workout had convinced Sutcliffe that March Bird was at his best, so he had a racecourse gallop at Windsor recently shown Jack Holt, the Basingstoke trainer, that Argentum was back in the form that had seen the colt emerge as the joint top-rated two-year-old in Britain last season.

After John Reid had sent the 4-1 favourite bursting clear to beat the dead-heaters, Blyton Lad and Jondette, Holt said: "I didn't want to run him at Ascot. He sulks in the soft ground and won't try at all."

In the King's Stand Stakes at the Royal meeting Argentum had finished down the course behind Dayjur. "It's firm in the Nunthorpe at York, Dayjur will just give us a good lead," added the trainer. "After York

he'll go to Paris for the Prix de l'Abbaye. That's always been the plan."

It was a marvelous day's racing, with something for everybody. Favourite backers had plenty to shout about when Willie Carson rode Lucky Moon to a convincing 2½ length defeat of Ecran, his stable companion, in the group three Goodwood Cup.

John Dunlop, who was winning his second Goodwood Cup, trained the winner for Lavinia, Duchess of Norfolk who was making her first racecourse visit for some time, as she has been at home at Arundel with back trouble.

Dunlop has been a tireless campaigner in an effort to reduce the distance of cup races to two miles to ensure more competitive racing. And Peter Willett, a director of Goodwood, said: "The Goodwood executive are prepared to follow any Jockey Club directive."

We know the Jockey Club are discussing the possibility and will probably reach a decision in the autumn. Sadeem, the winner of two Ascot Gold Cups, finished fourth and Mercalle, the Prix du Cadran winner, a disappointing last.

In the opening Lanson Champagne Vintage Stakes, Carson

had initiated a short-priced double when the heavily-backed Mukaddamah produced an impressive turn of finishing speed to storm clear of Flying Brave and Generous in the last-furlong.

As Generous had previously been runner-up to Mac's Imp in Ascot's Coventry Stake this could well be a classic colt in the making. "He's a big strong colt who has yet to grow to his strength," said Peter Willett. "His future is likely to be as a three-year-old so he will only have another race or two this year. The Doncaster Champion Stakes is a possibility."

Steikh Hamdan Al-Maktoum now has the first three favourites for next spring's 2,000 Guineas. Mujahid is 10-1 favourite after his July stakes win, Mariju, an untrained half-brother to Salsabil, in John Dunlop's stable, is 25-1 and Mukaddamah was quoted at 33-1 for the classic by Ladbrooke's after yesterday's win.

Jack Berry had his first win of the meeting when Gary Carter drove Amber Mill to a short head defeat of Tuned Audition in the Raceday Nursery.

John Reid completed a double when bringing Secret Waters from last place to first in the Darnley Stakes at Fulke

Houghton.

## THE PROGRAMME

Starting times for principal events

Today: 10.00 Start of 200-mile Channel Race from the Royal Yacht Squadron.

Tomorrow: 10.30 Queen's Cup (IOR Class 1) 11.30 Southampton Challenge Cup (CHS Class 3) 12.30 Ocean World Crew Ball

Thursday, Aug 9: 10.30 New York YC Challenge Cup (IOR Class 1) 11.30 The Wright Bell

Friday, Aug 10: 10.30 Rocking Chair Challenge Trophy (IOR Class 3) 10.50 Muir Cup (Sigma 38 Class) 11.30 Coupe Challenge Vase (CHS Class 3) 21.30 Firework display

Saturday, Aug 11: 10.30 Coronation Challenge Bowl (IOR Class 3) 11.30 Coronation Challenge Cup (CHS Class 3) 21.30 Land Rover Last Night Party

Tuesday, Aug 12: 10.30 Mount Grattan Trophy (Sigma 38 Class) 11.30 Royal Yacht Squadron YC Challenge Cup (IOR Class 1) 12.30 Mount Gay Rum Party

Wednesday, Aug 13: 10.30 Carreras Memorial Trophy (Sigma 38 Class) 11.30 De Messe Challenge Cup (CHS Class 3) 21.00 Castle Rock YC Ball

## BASEBALL

# Reds shaken by rocky ride

By ROBERT KIRLEY

IN THE week in which the blustery George Steinbrenner was forced to give up control of the New York Yankees, the Cincinnati Reds encountered a little turbulence of their own.

The Reds, who had been cruising towards the play-offs on autopilot, lost eight successive games. They were swept by San Diego and San Francisco, two of their National League West division rivals, and almost became victims of the eight eighth no-hitter of the season.

Scott Garrels settled for a one-hitter, leading San Francisco to a 4-0 win. The right-hander was disappointed when Paul O'Neill hit a two-out single in the ninth. The Giants, winners of five in a row, trail the Reds by five and a half games.

Joe Torre, aged 50, was named manager of St Louis, his club in 1971 when he was the most valuable player of the National League. He has pre-

viously managed the New York Mets and Atlanta.

Frank Viola, of the Mets, became the first 14-game winner in the National League in a 10-1 victory over St Louis. Bob Welch of Oakland, who leads the major leagues with 16 wins, lasted only two plus innings in a 9-1 Minnesota win.

Cal Ripken's record string of error-free games for a start-stop ended at 55 when he bobbled a ground ball hit by the Kansas City rookie Jeff Schulz. Ripken of Baltimore, had negotiated a 431 chances since April 13 without committing an error.

The Montreal rookie, Mark Gardner, has pitched nine shutout innings three times in five starts. His earned-run average, 2.34, is the best in the National League and he is in the top ten in strikeouts, opponents' batting average and complete games.

The third baseman, Omar Linares, of Cuba, impressed

scouts at the Goodwill Games in Scarle. Baseball is the national sport in Cuba, but because of political players from the island rarely turn up in the major leagues. Some would be good enough to make the grade. Jose Canseco, of Oakland, the high-profile player in the sport, was born in Havana.

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Government under attack over question of dropping PE from national curriculum in favour of academic subjects

# The age of the well-rounded individual at stake

By JOHN GOODBODY

LEADING figures in physical education, sport and teaching yesterday criticised a government announcement that PE could be dropped from the national curriculum for pupils aged 14 to 16.

There is concern at the words this week of John MacGregor, the education secretary, that he was asking the national curriculum council to see whether art, music and PE might be dropped in that age band to accommodate purely academic subjects.

"It seems that the emphasis is going to be on collecting GCSEs at the expense of the whole edu-

cation of the child. This comes at a time when the government and the public are complaining that the youth of the country are too often uncouth, unfit and uncivilised."

She also pointed out that, in purely vocational terms, PE would widen the options of the school leaver because the sport and leisure industry employs more people than the car industry, fisheries and agriculture together.

"Furthermore, by eliminating PE, the one subject that is not primarily cerebral or intellectual,

you will not have a very balanced curriculum." Professor Talbot added that some secondary schools had already made PE only an optional subject.

She still regarded the working party, announced by the government last month, as a "unique opportunity" to have proper guidelines for pupils from the age of five upwards.

MacGregor told the annual conference of the Professional Association of Teachers on Tuesday that there was no underestimating the value of art, music and PE.

"They are all subjects in which pupils not taking GCSEs would be unlikely to get much lesson time and where there is scope for activity outside the timetable."

David Hart, the general secretary of the National Association of Head Teachers, said that he understood why MacGregor wanted to introduce greater flexibility in schools because the national curriculum was a strait-jacket. He said that it seemed a step in the right direction but there were two problems. "By dropping art, music and PE you immediate-

ly condemn them to being second-class subjects. You devalue their contribution to a well-rounded education." And by giving the green light to schools to opt out, you created first- and second-tier schools, he said.

Some of the schools would not have the commitment of staff and parents and facilities or the catchment area to allow PE and sport to flourish outside school hours. He termed the situation "quite worrying". And schools which chose to opt out would put their emphasis on the academic subjects in the

national curriculum because that was what the customer (the parents) would demand.

"It will be a brave headmaster who, in a period of intense competition, goes against this structure. PE, art and music will become Cinderella subjects".

Mr Hart said that he wanted to see how the education secretary would provide the appropriate guarantees and he also wanted to see the debate take place in the wider context of the drop in the level of physical education

Letters, page 11

RUGBY UNION

## Argentine coach to step down

From DAVID HANDS,  
RUGBY CORRESPONDENT,  
BUENOS AIRES

ENGLAND confirmed yesterday that they will make no change, either to the playing XV or replacements, in the team to play Argentina at Vile Sarsfield tomorrow in the final match of their tour. But that predictable announcement was overtaken by confirmation that Rodolfo O'Reilly, the Argentine coach, will resign after the match.

O'Reilly, who said that the Pumas knew of his intention last week when they lost 25-12 to England, informed Carlos Tozzi, the Argentine Rugby Union president, on Monday. The principal reason for his going is his intention to start a new business venture under the aegis of the sports ministry.

O'Reilly first coached the Pumas in 1982-3, when they achieved the country's first overseas victory against a major rugby nation, beating Australia 20-13 in Sydney. His second spell began in 1987, after Argentina's disappointing World Cup, but though there were victories over visiting Australian and French teams, O'Reilly's job was by no means secure.

Successive defeats by Canada in World Cup qualifying matches were probably the final straw, regardless of the results achieved against England. His successor's first task will be to prepare the squad to tour England, Scotland and Ireland in the autumn.

Although Diego Cash has been rested at tight-head prop, Argentina have a doubtful loose-head, where Adrián Roca is suffering from influenza. Should he withdraw, Manuel Aguirre, of Alumni, will take his place. None of those perturbed England unduly as they trained at the San Fernando club, north of Buenos Aires, yesterday, since any disruption in an opposing camp which has already been beaten must add to their hopes of securing a 2-0 win in the series.

Geoff Cooke, the team manager, was counting the advantages England have obtained over the last seven days: "The fact that we will have all our players 100 per cent fit [Wade Dooley went into the first international with severely bruised ribs], and the fact we now know so much more about them whereas going into last Saturday we had only encountered three or four individuals."

"But we will have to be careful as we don't go in with any feelings that it will be easier this time. It will be the opposite. We would regard it as an absolute disaster if we lost on Saturday," he said.

Equally, it would be an outstanding achievement if they won, despite or indeed because of all the disappointments England have suffered on this tour. No leading country has come to Argentina and won both matches of an international series since the French touring party of 1974, and that includes the 1985 All Blacks, who won their first game and drew the second.

Nigel Redman, the Bath lock, took no part in England's training because of an inflamed hip joint, but hopes to join today's final preparations. David Eerton, his club colleague, filled his role during a heavy scrummaging session for what is clearly not going to be the most expansive of games from England.

## IN BRIEF

### Hanley's treatment

ELLIERY Hanley, the Wigan and Great Britain rugby league captain, who missed the Papua New Guinea and New Zealand tours because of a pelvic injury, has decided not to seek treatment in Australia.

Hanley has been advised that an Australian expert might be able to help.

## Biasion out

Massimo Biasion, the world rally champion, has been out of action for about two months due to a slipped disc.

## Tyred out

Michelin, the French tyre manufacturer, has told leading grand prix motorcycle teams here that it might wind down its involvement in the world championships next year.

## Seed's success

David Campion, the second seed from Yorkshire, defeated Zuber Jahan of Pakistan 9-0, 1-9, 9-4, 9-1 in the quarter-finals of the world junior squash title championships in Paderborn, West Germany. He defeated Mark Allen of Essex, who defeated Graeme Hixon, the Australian, 9-7, 9-1, 3-3.

### GOLF

## Little left to chance in Evans's quest for famous double

By JOHN HENNESSY

AND then there was one. With the downfall of Ricky Willison in the morning and the victories of Gary Evans, both morning and sweltering afternoon, only one of the eight seeds has survived to claim his appointed place in this morning's quarter-finals of the English Amateur Golf Championship.

Evans, from Worthing, plays Peter Sefton, of Camberley Heath, this morning. The other ties are: Lee Year (Ely City) v Oliver Thomson (Sand Moor), Liam White (Wholton Park) v Andrew Duffin (Three Rivers) and Ian Garbett (Wheatley) v Mark Dove (Broadway).

Evans thus keeps alive his hope of adding the English matchplay title to the strokeplay championship he won at Burrougham and Berrow, in company with a French

player, earlier in the season. Not since Michael Bonelli's achievement in 1968 has anyone held the two titles simultaneously.

Evans, driven on by a series of ambitions to gain an England cap this year, now virtually assured, a Walker Cup place next year and a prosperous professional career further ahead, has left nothing to chance this week. He arrived with his caddie on Friday to pace the course and his caddie, already facing two rounds yesterday, had to help at 6.30am to locate the pin positions.

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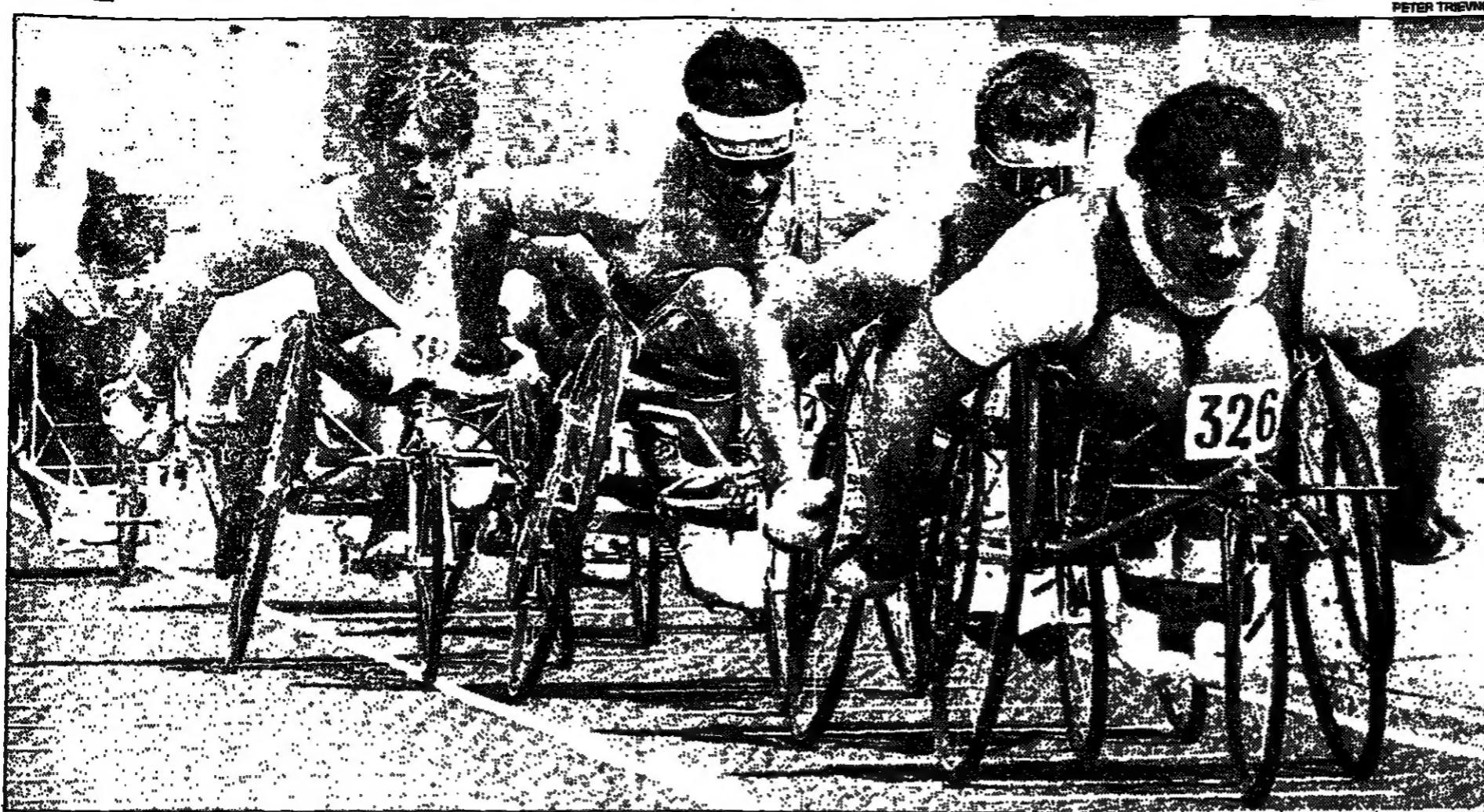
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# SPORT

FRIDAY AUGUST 3 1990

## Speed and endurance in the fast lane to glory



King of the road: Mike King (326) of the United States, leads the way in the men's 5,000 metre final during the Wheelchair Games at Stoke Mandeville yesterday. The race was eventually won by Jamie Eddy (second from left), of Canada. The games, now in their 38th year, have attracted 479 competitors from 35 countries

### Easterlies helping Arthaud to record

By BARRY PICKTHALL

FLORENCE Arthaud, the 32-year-old French first woman of yachting, was poised last night to set a new solo sailing record across the Atlantic. At 3pm yesterday, her 60ft trimaran, *Pierre Ier*, was in the Western Approaches, 50 miles from the traditional finish line marked by the Lizard, just nine days after setting out from New York.

After sitting becalmed for five hours off the Scilly Isles during the night, Arthaud expected to complete the 3,000-mile crossing before before 10pm after picking up a light easterly breeze yesterday afternoon that had her speeding towards her goal at ten knots.

Arthaud looked set to slash more than 40 hours off the 11 day 11 hour 47 minute record set by her fellow Frenchman, Bruno Peyron, back in 1987, as well as claim the fastest solo crossing either way by beating Philippe Poupon's ten day 9 hour 15 minute time set during the 1988 Observer Singlehanded transatlantic race from Plymouth to New York.

The daughter of a French book publisher, she has devoted her life to yacht racing. Last winter she competed in the Whitbread Round-the-World yacht race, joining Alain Gabby and his French crew as a helmswoman on Charles Jourdan at the start of the second stage of the race through the Southern Ocean from Punta del Este to Fremantle. It proved quite a baptism, but apart from the cold, she enjoyed every minute. "These monohulls are almost as good as my multihull," said on arrival in Australia.

In June, Arthaud set out with Patrick Maurel to contest the two-handed transatlantic race aboard the newly-launched *Pierre Ier* and despite suffering damage to their mast and an injury to her arm, the pair finished third, easily beating the previous record (also shared by Arthaud) for a mixed crew. It has not always been so easy though. In 1976, her yacht was dismantled just before the start of that year's single-handed race across the Atlantic, a tearful fate she also suffered at the start to the next race four years later. In the 1984 OSTAR, she managed to start, but was then forced to return in the Azores after her multi-hull suffered hull and rigging damage.

Everything finally came right in the 1988 OSTAR when she finished seventh, setting a female record time of 13 days 6 hours 51 minutes, aboard an earlier British-designed 60ft-trimaran, *Group Pierre Ier*.

The first west-east transatlantic record was set in 1905 by the 185ft three-masted American schooner, *Atlantic*, with a time of 12 days 4hr 1min. It was a record which stood the test of time for 75 years until Eric Tabarly completed the 3,000-mile distance in his fully-crewed trimaran, *Paul Ricard*.

Cows Week preview, page 32

## Snub for FA as League votes to expand the first division

By DENNIS SHAW

THE first division is to be restored to 22 clubs for the 1991-92 season after an overwhelming vote in favour at yesterday's extraordinary general meeting in Birmingham. Only Arsenal, Tottenham Hotspur and Manchester United opposed the management committee's resolution to put the clock back four years.

The move, led by Ken Bates, the Chelsea chairman, caused consternation at the Football Association and could now herald the game's latest and greatest power struggle.

It was made clear by Bill Fox, the Football League president, that the League intend to implement the U-turn back to the pre-1986 format with or without FA approval. "If the FA do not support us we may have to

dissociate ourselves from them," Fox said.

The massive difference in opinion about the division of power within the game, always simmering below the surface, could come to a head at a joint liaison committee meeting, likely to be held next month.

The League believes there should now be one powerful body combining the two sides leading English football, with the League having at least a 50-50 say.

Graham Kelly, the Football Association's chief executive, who had written to the League appealing for the plan to be rejected, was disturbed by Fox's reaction and attitude.

"It is just plain bad to say such a thing," he said. "What's the point in jumping about before they have even talked to us?"

Kelly, anxious to support the new England manager, Graham Taylor, now wants to

**Costs exceed estimates on ground improvement**

FOOTBALL League clubs will have to spend a minimum of £131 million to implement ground improvements under the Taylor Report. A survey of all clubs has revealed that the minimum figure estimated for the improvements is almost three times the original estimate of £10 million.

Clubs plan to spend more than £359 million, including £30 million for recommendations on stanchions, crush-barriers and first-aid facilities, according to the survey. But the figure for what they would ideally look to spend was £65 million.

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